



EPRA RESEARCH

European Public Real Estate Association

Monthly Market Review

May 2010



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

The FTSE EPRA/NAREIT Developed (Global) Index ended May by slipping 70 bps, outperforming the global equities market which lost 1.9%. While global bonds market returned 1.2% for investors. Real estate markets in Europe lost 5% compared to a gain of 2.3% in North America. Asian real estate retreated 2.5% at the end of May.

The global real estate total return from the five-year rolling period is 14.2%. Global equities returned 9.5%, while global bonds added 22.3%. Annual average return based on the five-year period from real estate investments is 1.6%. Global equities returned 3% while the figure from bond investments increased slightly to 4.1%.

Global Developed Real Estate 36-month volatility equals 27.7%.

Asset Classes (EUR)	May-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	-0.7	14.2	8.5	1.6
Global Equities	-1.9	9.5	16.0	3.0
Global Bonds	1.2	3.2	22.3	4.1
Europe Real Estate	-5.0	-4.7	-23.7	-5.3
N. America Real Estate	2.3	29.3	13.3	2.5
Asia Real Estate	-2.5	7.5	25.8	4.7

All figures are expressed in EUR-Source: EPRA

FTSE EPRA/NAREIT Global Index – Top 5 Monthly Performers- May 2010

Company	Sector	Total Return
DuPont Fabros Technology *	Specialty	15.2%
Klovern AB	Diversified	9.21%
Canadian Apartment Props *	Residential	6.57%
Wereldhave Belgium *	Diversified	4.26%
Castellum	Diversified	4.17%

FTSE EPRA/NAREIT Global Index – Bottom 3 Performers

Company	Sector	Total Return
Tokyo Tatemono	Office	-22.25%
Nomura Real Estate Holdings	Diversified	-24.36%
Orient Express Hotel	Lodging/Resorts	-26.08%



Asia-Pacific

The FTSE EPRA/NAREIT Developed Asia dropped 2.5%. FTSE EPRA/NAREIT Japan (JPY) crashed 15.6% in May. FTSE EPRA/NAREIT Hong Kong (HKD) ended the month by retreating 6.2% while FTSE EPRA/NAREIT Singapore (SGD) Index drop stood at 5.7%. FTSE EPRA/NAREIT Australia Index (AUD) Index retreated 3.8% compared to a loss of 9.9% for the New Zealand Index.

36-months rolling volatility for Asia-Pacific is 26.9%.

Country	May-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	-2.5	7.5	25.8	4.7
Australia (AUD)	-3.8	-1.4	-34.5	-8.1
Hong Kong (HKD)	-6.2	-11.9	76.9	12.1
Japan (JPY)	-15.6	-2.9	6.3	1.2
Singapore (SGD)	-5.7	-8.9	50.0	8.4
New Zealand (NZD)	-9.9	-12.5	7.5	1.5

Source: EPRA

Hang Lung Properties [said](#) it remains positive on the Chinese property market. China's direct property reported a gain of almost 13% in one year, according to the statistics bureau. Ronnie Chan, company chairman, dismissed talks of a "bubble". "A bubble to me is the huge rise of the market price in the absence of demand. China has plenty of demand right now." He emphasised the long-term prospects by elaborating on the company's strategy of building only to rent. Hang Lung is only focused on commercial assets and not on the residential markets, Chan added. Hang Lung lost 3.9% at the end of May.

Westfield, the leading global property owner, [confirmed](#) it is now looking for growth opportunities after it abandoned its interest in General Growth. General Growth opted to support a financing proposal structured by Brookfield Asset Management. The company has already announced its intention to take on development projects this year for AUD 1 billion. The retail specialist's projects include Stratford City leading to 2012 Olympics Games site. Westfield slipped 1.4% for the month.

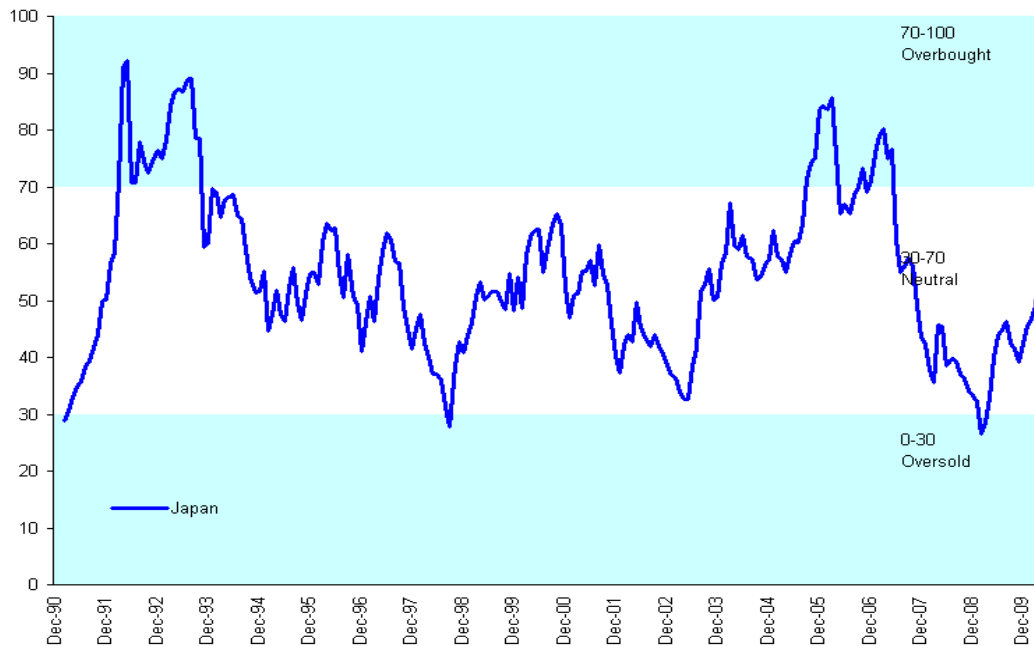
City Developments [reported](#) its first quarter net earnings this in May which surged 68% year-on-year, but missed analysts' expectations. The earnings rise comes at the back of divestment in the North Bridge Commercial Complex. The company's pre-tax return from development came out at 27%, compared to 35% in the same period last year. The hotel segment delivered a 3% increase in REVpar supported by higher occupancy. Singapore hotels segment posted highest 12 months gains with 18% improvement in REVpar. City developments reported a drop of 4.7% at the end of May.

Government of Singapore Investment Corporation (GIC) is [looking](#) into an IPO of its assets abroad according to the *Wall Street Journal*. The report stated that GIC Real Estate may launch a multibillion dollar offering at some point during the year. The IPO would possibly include Japanese assets acquired by the sovereign wealth fund from Prologis in 2008.



Swire Pacific shelved the separate listing of its real estate portfolio, Swire Properties, due to the deterioration of market sentiment. The property developer decided to postpone the public offering at a lower per share price as it felt that assets would be undervalued. The IPO was aimed at raising HKD 20.8 billion by issuing 910 million shares.

Chart of the month- RSI Developed Japan.



The chart above is the Relative Strength Indicator of the FTSE EPRA/NAREIT Japan Index. A value between 70-100 indicates that the market is overbought, and a value of 0-30 indicates the market is oversold.

FTSE EPRA/NAREIT Asia Index – Top 5 Monthly Performers- May 2010

Company	Sector	Total Return
China Resources Land	Residential	2.92%
CFS Retail Property Trust *	Retail	0.52%
China Overseas Land	Residential	-0.13%
Cmnwealth Prop Office *	Office	-0.54%
Tokyu REIT *	Diversified	-0.81%

FTSE EPRA/NAREIT Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Mitsui Fudosan	Diversified	-20.64%
Tokyo Tatemono	Office	-22.25%
Nomura Real Estate Holdings	Diversified	-24.36%



EUROPE

The FTSE EPRA/NAREIT Developed Europe Index retreated 5% for the month of May. The UK lost 6.8% similar to the dip in France of 6.7%. The Netherlands was the worst performer this month and dropped 8.9%. Sweden listed real estate market slipped 40 bps.

European Real Estate 36-month volatility stands at 26.6 and continues to be the lowest of the three regions.

Country	May-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-5.0	-4.7	-23.7	-5.3
UK (GBP)	-6.8	-9.2	-37.4	-9.0
Netherlands (EUR)	-8.9	-9.7	10.8	2.1
France (EUR)	-6.7	-8.9	31.5	5.6
Sweden (SEK)	0.4	3.3	16.5	3.1

Source: EPRA

British Land, the UK REIT, together with Blackstone [announced](#) that their Broadgate JV (Bluebutton Properties) has agreed (non-binding) terms to develop a new UBS building on the site of 4 and 6 Broadgate. British Land said there is no certainty a binding deal will be signed, and will update the market in due course. British Land also [published](#) its FY results with their portfolio valuation up 13.5%, NAV per share was up 27% to 504p “*benefiting from leverage*” according to the company statement. Like-for-like rental income grew 1.4% (Retail: +2.1%, Office: -0.4%). Occupancy rate was up to 97% and LTV stands at 47%. Nearly GBP 500 million is committed to develop 1.2 million sq ft of prime offices. British Land ended the month down 3.9%.

Land Securities [announced](#) its annual results ending March 31, 2010. Adjusted NAV per share was up 16.5% to 691p, driven by 10.3% capital growth on the portfolio. Like-for-like rental growth was down 4.1%. The LTV ratio stands at 43.5%. Like-for-like void rate for London stands at 1% and 5.8% for retail portfolio. CEO Francis Salway commented: “*We have an unrivalled pipeline of potential projects in our London Portfolio, with over 110,000 sq m of developments already underway and up to a further 400,000 sq m of development and refurbishment opportunities.*” Land securities tumbled 8.8%.

Capital Shopping Centres, the UK Retail focused REIT, made a joint [announcement](#) with Equity One, Inc. (FTSE EPRA/NAREIT North America constituent) that they have entered into an agreement pursuant to which Equity One will acquire Capital Shopping Centres’ U.S. subsidiary, Capital and Counties USA., Inc. through a joint venture with Capital Shopping Centres. In connection with the transaction, Capital Shopping Centres will receive 4.1 million shares of Equity One common stock and 10.9 million joint venture units. Capital Shopping Centres may redeem its units in the joint venture for cash or, at Equity One’s option, Equity One common stock (initially on a one-for-one basis). Capital Shopping Centres intends to



retain its interest in Equity One and the joint venture in order to participate in its growth potential.

Great Portland Estates, the London office focused REIT, [announced](#) its FY results. Adjusted net asset per share was up 15.5% to 283 pence. Acquisitions made in the year were up in value by 23.9% over a five-month average hold period. With gearing at 26.5%, GPE also has substantial cash and undrawn facilities totalling GBP 477 million and a near-term development pipeline of nine projects with a potential total area of 1.6 million sq ft. Void levels were down to 3.4% at March 31, 2010, versus 7.8% at March 31, 2009. Great Portland Estates ended the month down 2.1%.

Corio, the Dutch retail REIT, has [signed](#) the Preliminary Agreement for the acquisition of the companies that own 50% of the shares in the greater portion of Porta di Roma shopping centre for about EUR 220 million (excluding acquisition cost) at a Net Initial Yield of 6.4%. The project will be 50/50% owned by Allianz and Corio through a joint venture structure. The total shopping centre comprises 97,000 m² GLA and 7,200 parking units, the joint venture will be owner of 73,500 m² GLA, the remainder is owned by Auchan. Corio lost 10.8% in one month.

GSW Immobilien, the German residential investor, postponed its scheduled IPO until further notice. GSW was announced to be included in the FTSE EPRA/NAREIT Developed Europe Index.

Capital Shopping Centres (REIT) and **Capital & Counties** (Non-REIT) started trading on May 10 after the demerging from Liberty International. Both companies remained in the FTSE EPRA/NAREIT Developed Europe Index.

**FTSE EPRA/NAREIT Europe Index
Top 5 Monthly Performers- May 2010**

Company	Sector	Total Return
Klovern AB	Diversified	9.21%
Wereldhave Belgium *	Diversified	4.26%
Castellum	Diversified	4.17%
Eurobank Properties *	Diversified	3.2%
Leasinvest Real Estate *	Office	2.91%

FTSE EPRA/NAREIT Europe Index – Bottom 3 Performers

Company	Sector	Total Return
Quintain Estates	Diversified	-16.07%
Norwegian Property ASA	Office	-17.57%
Babis Vovos	Diversified	-21.74%



NORTH AMERICA

The EPRA/NAREIT North America Index dropped 5.6% in USD. The US lost 5.5% (USD) for the month, compared to a slip of 3.1% for the Canada Index in CAD, at the end of May.

The 36-months rolling volatility for North America is 37.1%, the highest of the three regions.

Country	May-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	-5.6	10.5	12.6	2.4
United States (USD)	-5.5	10.9	9.6	1.9
Canada (CAD)	-3.6	7.4	28.7	5.2

Source: EPRA

Kimco Realty Corp, largest owner of community shopping centres, [announced](#) its first-quarter results - reflecting signs of recovery as US consumer spending picks up. Rental revenues are up 17% in a year to USD 227 million. FFO came out at USD 126 million compared to USD 118 million a year earlier. FFO per unit equals 31 cents compared to 43 cents a year ago due to the secondary stock offering. The retail specialist with stakes in more than 1,400 shopping centres boosted the lower end of its end-of-year Funds From Operations (FFO) per share to USD 1.10 a share from USD 1.07, while leaving the top end unchanged at USD 1.15 per share. Kimco Realty slipped 8.3% for the month.

Macerich [reported](#) results of operations for the quarter ended March. FFO for the period equals USD 72 million or 66 cents per share, compared to USD 1.16 per share last year. Net loss amounts to USD 6.4 million for the first three months of the year. According to the press release, like-for-like net operating income increased by 180 bps year-on-year. Occupancy for its portfolio was up 91.1% from 90.1%. The XX specialist raised USD 1.2 billion through a shares issue while it took on USD 280 million in new loans. Macerich ended the month down 7.49%.

Boston Properties backed out from a three-way race to buy a stake in One World Trade Centre, previously named the "Freedom Tower". The two remaining bidders are Stephan Ross, chairman of related companies and Douglas Durst. "Given the increasing scale of our own corporate activities, upon reflection we have decided it is best if we withdraw from further consideration" explains Robert Selsam, senior vice president of the company. The giant glass tower currently under construction is expected to be the tallest building in the United States. Boston properties retreated 2.8% in one month.

Sun Healthcare Group (non-constituent) [said](#) on May 24 that it plans to split into two separate listed property companies, from which one would be a REIT. The REIT will be named Sabra Health Care REIT and will hold all of the owned properties currently held by the group. The second company will remain the name Sun Healthcare Group and will own all of the operating subsidiaries. Sun Healthcare Group advanced/slipped XX% for the month while the FTSE EPRA/NAREIT Health Care index added XX%



FTSE EPRA/NAREIT North America Index – Top 5 Performers

Company	Sector	Total Return
Felcor Lodging Trust *	Lodging/Resorts	42.28%
Glimcher Realty Trust *	Retail	34.32%
Ashford Hospitality *	Lodging/Resorts	29.71%
Pennsylvania Real Estate *	Retail	26.62%
Education Realty Trust *	Residential	23.17%

FTSE EPRA/NAREIT North America Index – Bottom 3 Performers

Company	Sector	Total Return
Saul Centers *	Retail	-4.52%
Universal Health Realty *	Health Care	-6.00%
Extendicare REIT *	Health Care	-11.46%

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 May 30, there were a total of 275 stocks in the index.

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

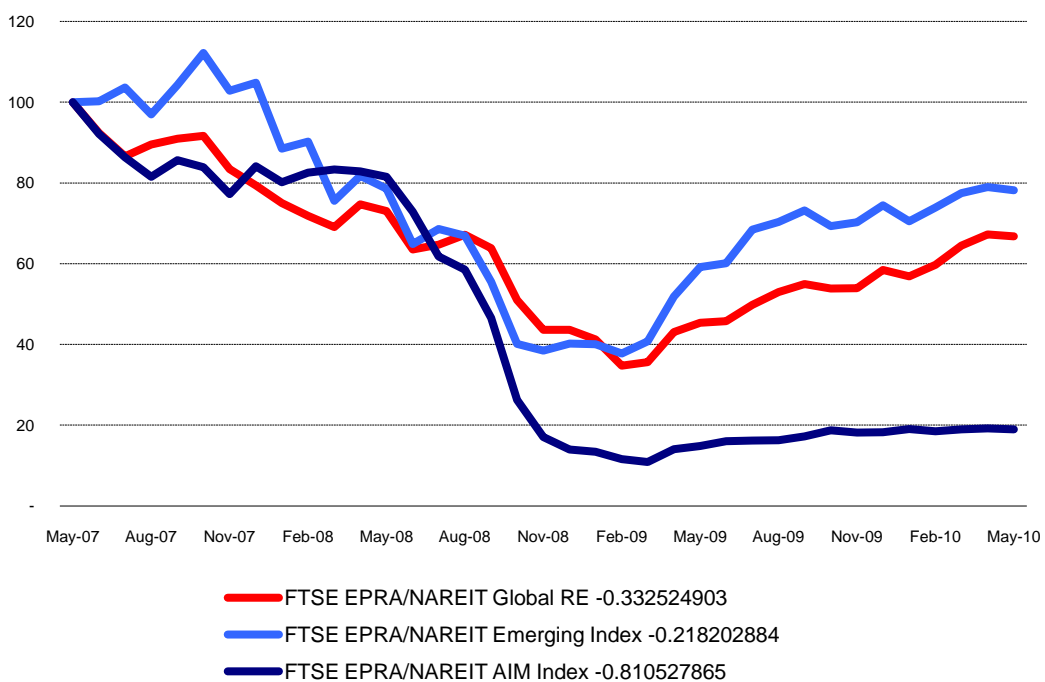


FTSE EPRA/NAREIT Emerging (Global) Index

The FTSE EPRA/NAREIT Emerging (Global) Index ended the month with a loss of 97 bps. The Emerging Asia-Pacific region dropped 2.58%% in May. Real estate markets from the Emerging Europe, Middle East & Africa Region were relatively stable with dip of 4 bps. The Emerging Americas was the best performing region with a monthly gain of 77 bps.

FTSE EPRA/NAREIT AIM index tracking the performance of AIM listed property companies with a global exposure is down 1.23% 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



Mainland China Stocks from the property sector surged in Hong Kong on the news of China will take a step back in regulatory measures aimed at cooling the market as Europe’s debt crisis affects the global economy. The country has raised banks’ reserve ratio three times already this year in addition to specific measures limiting speculation in the property market.

Equity International wants to raise USD 500 million to step up investment in Brazil according to *Businessweek*. Sam Zell’s firm will invest up to two-thirds of the capital in residential and commercial property firms in Brazil, while the rest will be invested in growth markets outside of the United States. The economy will grow 6.3% this year according to the central bank, while Brazilians’ average monthly income has risen 40 percent in five years.

Unitech reported a 43.56% drop in consolidated net profit for the year ended March 31. Net profit declined to INR 6.75 billion compared to INR 11.96 billion a year earlier.



Unitech develops residential and commercial units on a large scale and is entirely focused in India. Unitech is down 14.8% for the month of May.

Sixth of October Development & Investment (SODIC) has been awarded by the Internal Trade Development Authority, the establishment of a commercial zone with an area of 63 thousand square meters in Mansoura's city according to Reuters. The development will be carried out by a consortium of companies, for a total value of EGP 210 million. The duration of the project is two years. SODIC retreated 12.9% for the month.

Corporate Actions

Atlas Estates listed on the AIM exchange was removed from the FTSE EPRA/NAREIT AIM Index on the 17th of May.

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-May	Free Float Emerging (%) Weight 31-May
Cyrela Brazil Realty S/A Empreendimentos e Participações Or	BRAZ	Non-rental	Diversified	2,810.32	19.71
DLF	IDA	Non-rental	Diversified	2,500.51	12.46
Growthpoint Prop Ltd	SAF	Rental	Diversified	2,484.63	30.32
Unitech	IDA	Non-rental	Diversified	2,289.40	11.41
Redefine Income Fund	SAF	Rental	Diversified	2,042.39	24.92
Gafisa	BRAZ	Non-rental	Residential	2,016.77	14.14
BR Malls Participações S/A Ord	BRAZ	Rental	Retail	1,577.24	11.06
MRV Engenharia e Participações SA	BRAZ	Non-rental	Residential	1,278.00	8.96
Poly (Hong Kong) Investments (Red Chip)	CHN	Non-rental	Diversified	1,250.74	6.23
Ayala Land	PHIL	Non-rental	Diversified	1,230.10	6.13
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,089.97	5.43
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	998.57	4.98
SP Setia	MAL	Non-rental	Diversified	974.97	4.86
Yuexiu Property (Red Chip)	CHN	Non-rental	Residential	961.17	4.79
Geo B	MEX	Non-rental	Residential	942.29	6.61
Land & Houses	THAI	Non-rental	Residential	927.39	4.62
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	918.80	6.44
Pangbourne Prop Ltd	SAF	Rental	Diversified	819.88	10.00
Urbi Desarrollos Urbanos	MEX	Non-rental	Residential	804.21	5.64
Brookfield Incorporações SA	BRAZ	Non-rental	Residential	767.57	5.38

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 May 30, there were a total of 78 stocks in the index.

Bloomberg Ticker: FENEI

Thomson Reuters: .FTENEI



Index Description	Curr	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%)		Total Rtn (%) YTD	36 Mths Vlty (%)
				QTD	May-10		
Total Return							
Global	EUR	2,000.81	4.18	3.58	- 0.72	14.19	27.62
Asia	EUR	1,563.33	4.05	0.54	- 2.45	7.50	26.72
Europe	EUR	1,750.10	5.08	- 8.03	- 5.01	- 4.69	26.63
North America	EUR	2,614.98	4.01	10.89	2.27	29.26	37.06
Global Ex Asia	EUR	2,296.04	4.26	5.65	0.42	18.97	33.00
Global Ex Europe	EUR	2,014.48	4.03	5.89	0.05	18.25	28.77
Global Ex North America	EUR	1,739.73	4.32	- 1.96	- 3.17	3.85	24.13
Asia	EUR	1,563.33	4.05	0.54	- 2.45	7.50	26.72
Pure Asia	EUR	1,649.57	3.68	- 0.01	- 2.31	7.30	27.60
Japan	JPY	1,795.48	2.95	- 7.92	- 15.59	- 2.85	33.87
Australia	AUD	1,255.14	8.04	- 0.02	- 3.84	- 1.39	27.33
Pure Australia	AUD	923.09	8.39	- 3.93	- 5.10	- 5.40	34.91
Hong Kong	HKD	2,148.25	2.64	- 12.13	- 6.17	- 11.91	40.28
Singapore	SGD	1,444.93	3.30	- 3.99	- 5.66	- 8.91	35.99
New Zealand	NZD	1,142.64	8.52	- 9.00	- 9.90	- 12.50	15.10
Europe	EUR	1,750.10	5.08	- 8.03	- 5.01	- 4.69	26.63
Europe (Price Return)	EUR	1,160.42	-	- 10.28	- 6.40	- 7.65	26.10
Euro Zone	EUR	2,299.17	6.11	- 11.57	- 6.64	- 7.72	26.00
Euro Zone (Price Return)	EUR	1,404.33	-	- 15.08	- 8.98	- 11.54	25.48
Europe Ex UK	EUR	2,504.35	5.57	- 10.58	- 5.54	- 4.82	25.48
Europe Ex UK (Price Return)	EUR	1,556.49	-	- 13.66	- 7.46	- 8.45	24.98
Europe Liquid 40	EUR	1,690.78	5.13	- 8.28	- 5.14	- 5.20	27.10
Europe Liquid 40 (Price Return)	EUR	1,095.40	-	- 10.63	- 6.64	- 8.25	26.53
Europe Liquid 40 Ex UK	EUR	2,763.16	5.69	- 10.69	- 5.54	- 5.18	25.44
Europe Liquid 40 Ex UK (Price Return)	EUR	1,649.12	-	- 13.90	- 7.64	- 8.93	24.91
UK	EUR	1,041.62	4.22	- 3.18	- 4.10	- 4.44	34.00
UK (Price Return)	EUR	738.98	-	- 3.82	- 4.52	- 6.19	34.00
Netherlands	EUR	2,647.13	7.16	- 14.43	- 8.94	- 9.65	23.97
France	EUR	3,673.68	6.19	- 11.69	- 6.75	- 8.85	25.78
Austria	EUR	449.57	1.44	- 5.37	- 6.57	4.59	61.57
Sweden	EUR	3,900.19	5.16	- 6.51	0.72	10.17	36.81
Germany	EUR	568.30	5.09	- 9.33	- 3.51	- 4.59	40.18
Switzerland	EUR	2,194.75	2.30	- 4.14	0.42	13.61	17.93
Belgium	EUR	1,962.92	7.51	- 4.20	- 1.01	- 0.56	19.22
Italy	EUR	1,408.47	3.24	- 17.28	- 9.93	- 7.88	42.23
Finland	EUR	3,008.09	3.42	- 12.47	- 7.60	- 0.37	39.76
UK	GBP	1,421.67	4.22	- 8.34	- 6.77	- 9.17	32.71
UK (Price Return)	GBP	1,008.57	-	- 8.95	- 7.18	- 10.83	32.69
Switzerland	CHF	1,949.35	2.30	- 4.59	- 0.68	8.59	17.92
Sweden	SEK	4,401.64	5.16	- 7.77	0.39	3.31	36.35
North America	USD	3,062.67	4.01	0.56	- 5.62	10.55	39.98
United States	USD	2,973.02	3.80	1.04	- 5.48	10.89	41.28
Canada	USD	4,678.29	6.12	- 3.95	- 6.99	7.32	32.26



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