



EPRA | RESEARCH

European Public Real Estate Association

Monthly Market Review

September 2010



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

The FTSE EPRA/NAREIT Developed (Global) Index added 1.1% during the month of September. Global equities advanced 2.8% while the Global Bonds market slipped 30 bps. Real estate markets in Europe outperformed the other regions by adding 6.9%. North America dipped 2.1%, while Asia is ahead 2.6% compared to last month.

The global real estate return year-to-date stands at 19.2% compared to 10.2% and 6.7%, for global equities and global bonds, respectively. For the ten-year rolling period, real estate investments returned 64.6%. Equities lost 17.2 % while bonds markets were good for a 71% return in total. Annual average return based on the ten-year period from real estate investments is 5.1%. Global equities lost 1.9% on average, while the bond investments returns equal 5.5%.

Global Developed Real Estate 10-year volatility equals 18.30%.

Asset Classes (EUR)	Sep-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Global Real Estate	1.1	19.2	64.6	5.1
Global Equities	2.8	10.2	-17.2	-1.9
Global Bonds	-0.3	6.7	71.0	5.5
Europe Real Estate	6.9	11.4	73.2	5.6
N. America Real Estate	-2.1	26.0	81.2	6.1
Asia Real Estate	2.6	16.1	50.3	4.2

All figures are expressed in EUR- Source: EPRA

FTSE EPRA/NAREIT Global Index – Top 5 Performers

Company	Sector	Total Return
Fabege	Office	30.92%
Orient Express Hotel	Lodging/Resorts	29.05%
New World Development	Diversified	25.32%
Sun Hung Kai Props	Diversified	22.94%
Klovern AB	Diversified	21.8%

FTSE EPRA/NAREIT Global Index – Bottom 3 Performers

Company	Sector	Total Return
Winthrop Realty Trust *	Diversified	-8.59%
Development Securities	Retail	-9.26%
Babis Vovos	Diversified	-26.83%



Asia-Pacific

The FTSE EPRA/NAREIT Developed Asia advanced 2.6% at the end of September. FTSE EPRA/NAREIT Japan (JPY) added 5.7%. FTSE EPRA/NAREIT Hong Kong (HKD) surged 13.9% while the FTSE EPRA/NAREIT Singapore (SGD) Index is up 7.2%. FTSE EPRA/NAREIT Australia Index (AUD) Index slipped 1%. New Zealand Index added 5.2%

10-year rolling volatility for Asia-Pacific is 19.49%.

Country	Sep-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Asia (EUR)	2.6	16.1	50.3	4.2
Australia (AUD)	-1.0	1.5	12.0	1.1
Hong Kong (HKD)	13.9	10.5	188.4	11.2
Japan (JPY)	5.7	-1.2	31.8	2.8
Singapore (SGD)	7.2	6.6	116.9	8.1
New Zealand (NZD)	5.2	1.2	-NA-	-NA-

Source: EPRA

Sun Hung Kai, largest property company, was successful in its bid for the plot of land in the Fan Ling district auctioned by the Hong Kong government. The 2560 square meter plot initially set by the Lands Department for HKD 330 million was acquired by the Japanese property developer for HKD 459 million. The plot is expected to have a gross floor area of 9551 square meters with a planning permission for non-industrial purposes. The Lands department said that the second lot No.175 on Hong Kong Island failed to attract buyers. Developers involved in the bidding process labelled the starting price of the second lot too high for the relatively less attractive location. Sun Hung Kai surged 22.94% in September.

Aeon Mall reported its first-half year results and said net income rose by 11.8% to JPY 10.5 billion, which equals JPY 57.7 per share. Operating revenues increased by 4.2% for the six months year on year. The retail specialist opened three new malls in its core market, despite the falling same-store sales in its Japanese assets. Number of customers in its 49 malls increased 2.4% according to the company. Aeon Mall also opened its second shopping centre in China during the period. The retailer maintained its guidance of JPY 22 billion in net income over the full year and declared an interim dividend of JPY 10 per share. Aeon Mall added 5.35% for the month.

The Ascott, wholly owned serviced residence unit of CapitaLand, will launch its first Dubai property today. The residential specialist said it is bringing its brand to the United Arab Emirates through a management contract for the 118-unit Ascott Park Place Dubai. The 15 floor mixed-use property is located in the prime commercial area on Sheikh Zayed Road. Ronald Tay, Chief Investment Officer: "Dubai remains an important market for Ascott in the Gulf region. With its developed infrastructure and well-educated expatriate workforce, Dubai continues to attract multinational companies to set up offices in this international financial hub." This latest addition will take the number of serviced apartments to 636 in three cities across the gulf region. Currently the company operates the 118-unit Somerset Al Fateh in Bahrain and Somerset West Bay in Qatar. The company plans another 200-unit development at Raffles City Bahrain. CapitaLand was up 3.84% at the end of the month.



CFS Retail Property Trust completed an institutional share placement of AUD 540 million to finance the acquisition of four Direct Factory Outlet centres in Australia. The retail specialist placed 290 million shares at the price of AUD 1.86 per unit, representing a discount of 4.6% to the closing share price on the 21st of September. Michael Gorman, CFS Retail fund manager, said: "The positive feedback on the acquisition meant that the demand from existing and new investors was very strong and we welcome a number of new domestic and international investors who took the opportunity to purchase units under the institutional placement". In addition, the property trust offered a unit purchase plan to its shareholders in order to raise an extra AUD 5 to AUD 10 million, to payback debt. CFS Retail Property Trust ended the month down 2.07%

Westfield Group, largest global retailer, is being approached to develop additional large retail centres in Europe following the performance of its Westfield London mall, according to *The Australian*. It was also reported that the company might sell two of its Sydney office towers to raise development funds. Michael Gutman, Westfield's top executive in Europe, said: "People are coming and having a look and, inevitably, out of that other opportunities arise," the newspaper reported. The retail giant is also upbeat on its Westfield Stratford mall near the 2012 Olympic site and is expected to generate more than GBP 2 billion in annual sales. Westfield slipped 2% for the month of September.

Global Logistics Properties and **Mapletree Industrial Trust** announced plans to list at the Singapore stock exchange and raise USD 3.9 billion and USD 1.2 billion, respectively. These companies will be tested for inclusion in to the FTSE EPRA/NAREIT Asia Index under the *fast track* entry rule.

Corporate Actions

Heiwa Real Estate (Japan) and **Kowloon Development** (Hong Kong) were removed from the FTSE EPRA/NAREIT Index series on the 20th of September following the third quarterly index review.

FTSE EPRA/NAREIT Asia Index – Top 5 Performers

Company	Sector	Total Return
New World Development	Diversified	25.32%
Sun Hung Kai Props	Diversified	22.94%
Wharf Holdings	Diversified	19.24%
Sino Land	Diversified	18.26%
Henderson Land Dev	Diversified	16.7%

FTSE EPRA/NAREIT Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Charter Hall Retail REIT *	Retail	-3.53%
Tokyu REIT *	Diversified	-3.94%
Hopson Development	Residential	-4.52%



EUROPE

The FTSE EPRA/NAREIT Developed Europe Index advanced 6.9% in September. Regional heavy weight, the UK rose 5.7% bps while France added 9.8%. The Netherlands is 9.5%. Sweden was the outperformer in the region and surged ahead by 19.5% in one month.

European Real Estate 10-year volatility stands at 18.58%.

Country	Sep-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Europe (EUR)	6.9	11.4	73.2	5.6
UK (GBP)	5.7	-2.4	30.4	2.7
Netherlands (EUR)	9.5	11.7	210.8	12.0
France (EUR)	9.8	14.4	326.4	15.6
Sweden (SEK)	19.5	38.4	346.1	16.1

Source: EPRA

Alstria office REIT, the German office focused REIT, [announced](#) the successfully executed capital increase through an accelerated book building process, with gross proceeds of approximately EUR 49 million to be used to fund future growth and to take advantage of acquisition opportunities which are starting to be present in the market. *'The successful capital increase is a testimony to the confidence of investors in Alstria's business model,'* says Olivier Elamine, CEO of Alstria office REIT. Alstria ended the month up 19.6%

Deutsche Wohnen, the German residential property company, [announced](#) an agreement for the early restructuring of the financing of around 7,100 residential units in Berlin. EUR 255 million has been refinanced by BayernLB of the total of EUR 358 million to be financed. According to the statement: *"The transaction not only ensures Deutsche Wohnen AG long-term financing over the next 8 years but also provides money to purchase additional good quality properties in economically dynamic urban areas in accordance with its business strategy."* Deutsche Wohnen ended the month up 13.68%

Citycon, the Finnish retail focused property company, [announced](#) the successful capital raising of EUR 63.14 million before commissions and expenses through an accelerated book-built offering. The Company intends to use the net proceeds of the Offering to repay the Company's interest-bearing debt and to strengthen its capital base. According to the statement: *"The Offering would provide the Company with additional financial flexibility when pursuing redevelopment projects and potential acquisitions in accordance with its investment strategy and would also broaden its shareholder base."* Citycon ended the month up 17.23%

Klövern, the Swedish property company, [announced](#) the acquisition of a property portfolio comprising 37 properties in Linköping (31), Norrköping (4), and Örebro (2). This acquisition strengthens Klöver's presence in three priority cities. The properties supplement existing portfolios and Klöver will be the market leader in commercial properties in Linköping. The initial direct yield of the 157,000 sqm portfolio is 6.5 per cent and the economic occupancy rate is 74 per cent. The purchase price is SEK 1,055 million. *"At last, one might say. It feels pleasant to be able to state that the property market is getting back on form and that Klöver has the strength and muscle to*



re-enter a growth phase," said Klöver's CEO Gustaf Hermelin. *"The portfolio offers potential and our staff with their firm local base are ready to serve existing tenants and to fill the vacant premises with new clients."* Klöver ended the month up 21.8%

London & Stamford, the UK AIM-Listed property company (FTSE EPRA/NAREIT AIM Index constituent - not a FTSE EPRA/NAREIT Global Index constituent), [announced](#) the shareholders approval of the proposals for REIT conversion, including the internalization of management. Consequently, upon admission to the main market, London & Stamford was excluded from the FTSE EPRA/NAREIT AIM Index.

Corporate Actions

There were no additions or deletions to the FTSE EPRA/NAREIT Europe index following the third quarterly index review meeting.

FTSE EPRA/NAREIT Europe Index – Top 5 Performers

Company	Sector	Total Return
Fabege	Office	30.92%
Klovern AB	Diversified	21.8%
Alstria Office *	Office	19.6%
Kungsliden	Diversified	18.53%
Castellum	Diversified	18.43%

FTSE EPRA/NAREIT Europe Index – Bottom 3 Performers

Company	Sector	Total Return
IRP Property Investors	Diversified	-6.12%
Development Securities	Retail	-9.26%
Babis Vovos	Diversified	-26.83%



NORTH AMERICA

The EPRA/NAREIT North America Index advanced this month by 5.2% in USD. The US market added 4.6% (USD) for the month, compared to a gain of 5.9% for the Canada Index in CAD, at the end of September.

The 10-year rolling volatility for North America is 23.5%, the highest of the three regions.

Country	Sep-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
North America (USD)	5.2	19.9	168.9	10.4
United States (USD)	4.6	19.0	157.5	9.9
Canada (CAD)	5.9	26.2	226.5	12.6

Source: EPRA

AvalonBay Communities, residential investor, announced that the company has acquired Creekside Meadows in Tustin, California, an apartment complex consisting of 628 homes. The USD 98.5 mln acquisition was made by the AvalonBay Value Added Fund II, a private investment vehicle of which AvalonBay is 31% owner. The fund entered into an agreement with Fannie Mae for USD 60 million, 3.8 percent loan for duration of seven years. The loan would provide for interest-only payments during the full term, according to the company. The markets did not react significantly, as the share price returned -1.23% in September.

UDR Inc, Denver based apartment REIT, also announced acquisition totalling USD 446 mln for a portfolio of six apartment properties, located in Southern California, Baltimore and Boston, the latter being a new market for UDR. The company stated that the purchase price represented “substantial discount(s) to their cost.” USD 92 mln of new debt and the remainder finance the acquisition by existing credit facilities carrying an average interest rate of 2.3%. UDR finished the month up 2.62%.

Riocan, Canadian retail investor, completed an issue of 7.2 mln units at CAD 20.75, in addition to a USD 100 mln credit line. In a separate announcement, the company stated that it has acquired two Canadian retail properties for a price of USD 100 mln. The assets are anchored by Walmart with lease terms averaging 15.5 years. “These two assets further strengthen RioCan’s position in two strong urban markets”, the company stated. Riocan’s share price ended 9.77% higher after one month.

General Growth Properties (non-index constituent) announced several restructurings as the company plans to exit from bankruptcy in October. The company’s CEO and COO announced that they will remain with the company for as long as a year, while the company initiated a search for a new management team. In addition, it stated that it plans to make a stock offering to replace financing commitments from some investors, including Brookfield Asset Management, Fairhome Capital and Pershing Square Capital, instead of selling notes that would convert to equity.

Several North American companies successfully completed share offerings in September. California based office investor **Alexandria Real Estate** completed an offering of 4.5 mln shares at a price of USD 69.25. The company stated that it intends to use the proceeds to reduce credit lines that were used to complete recent



acquisitions. The share price increased 91 bps for the month. **Winthrop Realty**, a diversified REIT, made a 5 mln share offering at USD 12.25 using the proceeds for additional investments, without disclosing further details. The company ended the month down 9.78%.

Further capital raisings were made by **Artis REIT** (Canada), **Dundee REIT** (Canada), **Commonwealth REIT** (USA, the former HRPT Property Trust) and **Urstadt Biddle Properties** (USA) for which the FTSE EPRA/NAREIT Index was adjusted.

Campus Crest Communities (USA) and **US Federal Properties Trust** (USA) are due to list in early October, but neither IPO is large enough to qualify for fast track inclusion in the indices. In addition, **Cole Corporate Income REIT** filed a prospectus with the SEC for an IPO later this year.

Corporate Actions

Hilltop Holdings (USA) was removed and Crombie Real Estate (Canada) was added to the FTSE EPRA/NAREIT Index series on the 20th of September following the third quarterly index review.

FTSE EPRA/NAREIT North America Index - Top 5 Performers

Company	Sector	Total Return
Orient Express Hotel	Lodging/Resorts	29.05%
First Industrial Realty *	Industrial	19.29%
Strategic Hotels & Resorts	Lodging/Resorts	18.77%
Felcor Lodging Trust *	Lodging/Resorts	15.58%
Innvest REIT *	Lodging/Resorts	14.24%

FTSE EPRA/NAREIT North America Index - Bottom 3 Performers

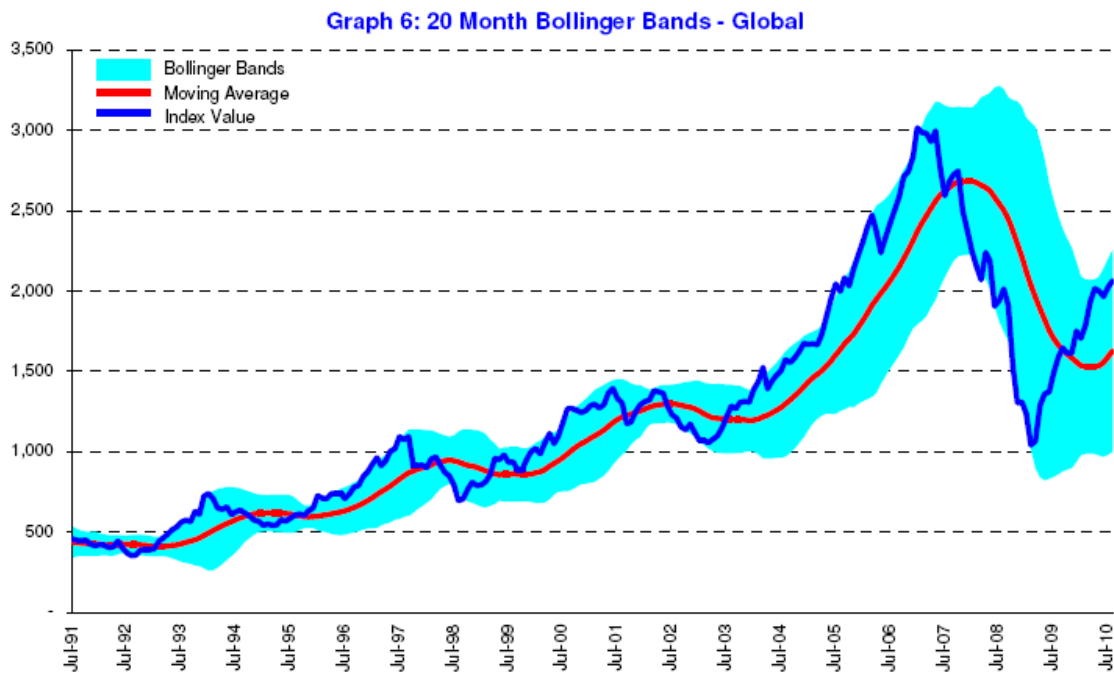
Company	Sector	Total Return
Urstadt Biddle Class A *	Retail	-0.2%
Avalonbay Communities *	Residential	-0.38%
Winthrop Realty Trust	Diversified	-8.59%



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 September 30, there were a total of 279 stocks in the index.

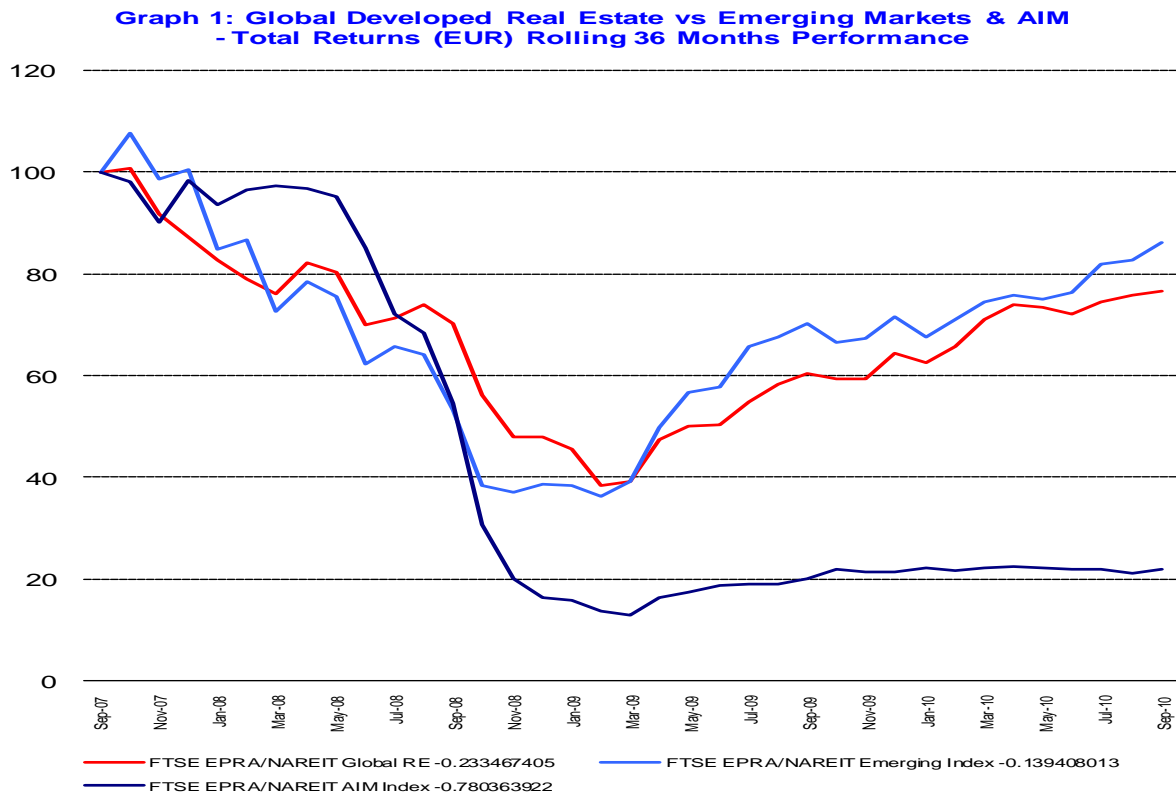
The [EPRA Monthly Statistical Bulletin](http://www.epra.com) is available for EPRA members on: www.epra.com.



FTSE EPRA/NAREIT Emerging (Global) Index

The FTSE EPRA/NAREIT Emerging (Global) Index ended the month by advancing 4.19%. The Emerging Asia-Pacific region added 4.95% in August. Real estate markets from the Emerging Europe, Middle East & Africa Region were up 25 bps. The Emerging Americas outperformed other regions by advancing 5.15%.

FTSE EPRA/NAREIT AIM index tracking the performance of AIM listed property companies with a global exposure is up 4.45% for the month. All figures are expressed in EUR.



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-Sep	Free Float Emerging (%) Weight 30-Sep
PDG Realty S/A Empreendimentos e Participacoes Ord	BRAZ	Non-rental	Diversified	4,785.57	8.11
Cyrela Brazil Realty S/A Empreendimentose e Participacoes Or	BRAZ	Non-rental	Diversified	3,280.14	5.56
DLF	IDA	Non-rental	Diversified	3,154.79	5.35
Growthpoint Prop Ltd	SAF	Rental	Diversified	2,787.42	4.73
Unitech	IDA	Non-rental	Diversified	2,629.80	4.46
Gafisa	BRAZ	Non-rental	Residential	2,421.25	4.11
Redefine Income Find	SAF	Rental	Diversified	2,288.58	3.88
Emaar Properties	UAE	Non-rental	Diversified	2,222.08	3.77
BR Malls Participacoes S/A Ord	BRAZ	Rental	Retail	1,850.49	3.14
MRV Engenharia e Participacoes SA	BRAZ	Non-rental	Residential	1,671.32	2.83
Ayala Land	PHIL	Non-rental	Diversified	1,519.74	2.58
Poly (Hong Kong) Investments (Red Chip)	CHN	Non-rental	Diversified	1,414.40	2.40
Land & Houses	THAI	Non-rental	Residential	1,342.92	2.28
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,217.18	2.06
SP Setia	MAL	Non-rental	Diversified	1,074.17	1.82
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	1,002.30	1.70
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	994.22	1.69
BR Properties S/A Ord	BRAZ	Rental	Retail	982.34	1.67
Yuexiu Property (Red Chip)	CHN	Non-rental	Residential	967.31	1.64
Pangbourne Prop Ltd	SAF	Rental	Diversified	887.78	1.51

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 September 30, there were a total of 87 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



Monthly Market Review | September 2010

Total Return								
Index Description	Curr	Close Value 30-Sep	Div Yld (%) 30-Sep	Total Rtn (%) QTD	Total Rtn (%) - 1 Yr	Total Rtn (%) YTD	Total Rtn (%) YTD	10 Yrs Vlty (%)
Global	EUR	2,088.74	3.76	- 8.48	26.79	6.27	1.15	
Asia	EUR	1,688.06	3.49	- 9.94	19.68	7.45	2.60	
Europe	EUR	2,046.50	4.25	- 12.86	15.63	15.05	6.88	
North America	EUR	2,549.33	3.85	- 5.06	39.86	2.33	- 2.10	
Global Ex Asia	EUR	2,344.82	3.95	- 7.50	32.06	5.50	0.20	
Global Ex Europe	EUR	2,059.89	3.67	- 7.52	29.33	4.71	0.10	
Global Ex North America	EUR	1,920.81	3.70	- 10.78	18.43	9.52	3.81	
Asia	EUR	1,688.06	3.49	- 9.94	19.68	7.45	2.60	
Pure Asia	EUR	1,777.37	3.07	- 9.32	20.71	7.05	2.44	
Japan	JPY	1,825.35	2.86	- 23.24	- 2.33	10.12	5.70	
Australia	AUD	1,291.70	6.73	- 25.68	- 3.65	4.03	- 0.95	
Pure Australia	AUD	973.82	6.02	- 33.33	- 2.43	3.59	- 0.73	
Hong Kong	HKD	2,695.04	2.25	- 0.74	17.08	21.32	13.89	
Singapore	SGD	1,691.35	2.89	- 11.11	19.49	13.67	7.24	
New Zealand	NZD	1,321.49	7.43	- 4.33	3.04	12.22	5.21	
Europe	EUR	2,046.50	4.25	- 12.86	15.63	15.05	6.88	
Europe (Price Return)	EUR	1,344.66	-	- 17.02	10.62	14.56	6.72	
Euro Zone	EUR	2,816.08	4.74	- 6.97	14.56	19.27	9.64	
Euro Zone (Price Return)	EUR	1,709.35	-	- 11.94	8.82	19.08	9.64	
Europe Ex UK	EUR	3,103.03	4.36	- 5.23	20.33	19.72	10.01	
Europe Ex UK (Price Return)	EUR	1,915.40	-	- 10.11	14.67	19.57	10.01	
Europe Liquid 40	EUR	1,995.96	4.32	- 12.91	17.05	16.15	7.21	
Europe Liquid 40 (Price Return)	EUR	1,281.53	-	- 17.05	11.89	15.69	7.05	
Europe Liquid 40 Ex UK	EUR	3,451.59	4.50	- 4.12	21.70	20.29	10.15	
Europe Liquid 40 Ex UK (Price Return)	EUR	2,046.08	-	- 9.07	15.84	20.19	10.15	
UK	EUR	1,090.74	4.01	- 25.33	6.95	6.38	0.87	
UK (Price Return)	EUR	763.42	-	- 28.48	2.93	5.33	0.44	
Netherlands	EUR	3,274.14	5.74	- 1.13	15.46	22.12	9.46	
France	EUR	4,609.43	4.68	- 0.39	16.90	19.82	9.83	
Austria	EUR	557.22	1.18	- 29.13	16.90	22.53	13.99	
Sweden	EUR	5,461.20	3.85	7.00	62.25	32.99	21.85	
Germany	EUR	684.59	4.03	- 18.87	8.26	17.95	11.00	
Switzerland	EUR	2,696.25	2.17	15.32	40.96	11.07	1.76	
Belgium	EUR	2,087.68	7.05	0.87	9.50	8.54	4.27	
Italy	EUR	1,600.50	2.54	- 26.42	10.29	10.05	8.56	
Finland	EUR	3,822.73	2.69	- 8.89	24.85	35.94	17.49	
UK	GBP	1,527.12	4.01	- 19.75	1.37	12.56	5.68	
UK (Price Return)	GBP	1,068.87	-	- 23.14	- 2.43	11.45	5.23	
Switzerland	CHF	2,252.82	2.17	7.17	23.94	12.15	5.31	
Sweden	SEK	5,895.20	3.85	6.97	45.86	28.19	19.52	
North America	USD	3,322.03	3.85	- 6.34	30.62	14.05	5.16	
United States	USD	3,189.73	3.67	- 6.97	29.46	13.34	4.63	
Canada	USD	5,623.25	5.43	0.27	41.91	20.76	10.05	



Disclaimer-test

EPRA does not intend this presentation to be a solicitation related to any particular company, nor does it intend to provide investment, legal or tax advice. Investors should consult with their own investment, legal or tax advisers regarding the appropriateness of investing in any of the securities or investment strategies discussed in this presentation. Nothing herein should be construed to be an endorsement by EPRA of any specific company or products or as an offer to sell or a solicitation to buy any security or other financial instrument or to participate in any trading strategy.

EPRA expressly disclaims any liability for the accuracy, timeliness or completeness of data in this presentation. Unless otherwise indicated, all data are derived from, and apply only to, publicly traded securities. Any investment returns or performance data (past, hypothetical or otherwise) are not necessarily indicative of future returns or performance.

