

# Market Update

A Monthly Performance Report

February 2012

## GPR 250 Index adds 3.2% in February 2012

### Americas counterpart negative outlier

- The GPR 250 Index added 3.2% in February 2012, thereby underperforming global equities (3.2% versus 4.8%) while outperforming global bonds (3.2% versus 0.1%). The Americas counterpart was the only continental index posting a loss, albeit marginally at 0.3%. The continental gains ranged from 0.6% for Europe to a significant 14.2% for Asia. At national level, Japan (18.6%) was top performer whereas Poland (GTC; -17.2%) came out worst.

### CommonWealth REIT to spin off Hawaii properties

- Commonwealth REIT appears to be going ahead with the spin-off of its Hawaii properties in an IPO. Select Income REIT plans to sell 8.0 million shares with an expected subscription price of between USD 21.00 and USD 23.00 per share. Based on the high end of the range and including the 1.2 million shares over-allotment option, the offering represents a maximum size of USD 211.6m. The company plans to use proceeds from the offering to repay part of a USD 400m promissory note due to Commonwealth REIT.

### New REIT legislation coming to South Africa

- South Africa's new REIT legislation has been earmarked for finalization in 2013, which would bring South Africa's listed property investment in line with international norms. The listed property sector has been working with the National Treasury for over five years to formalize REIT legislation in South Africa. REIT legislation discussions were initially slow as a result of the various industry complexities and a number of immediate issues facing the National Treasury, highlighted by the global financial crisis. The April 2011 tax legislation amendment bill raised the priority of REIT legislation.

### Wereldhave focuses on Western Europe

- Wereldhave announced that it would fully concentrate on shopping centres in Western Europe (the Netherlands, Belgium, Finland and the United Kingdom) and offices in Paris and Madrid. This strategic choice implies that Wereldhave will sell its property investments in the United States.



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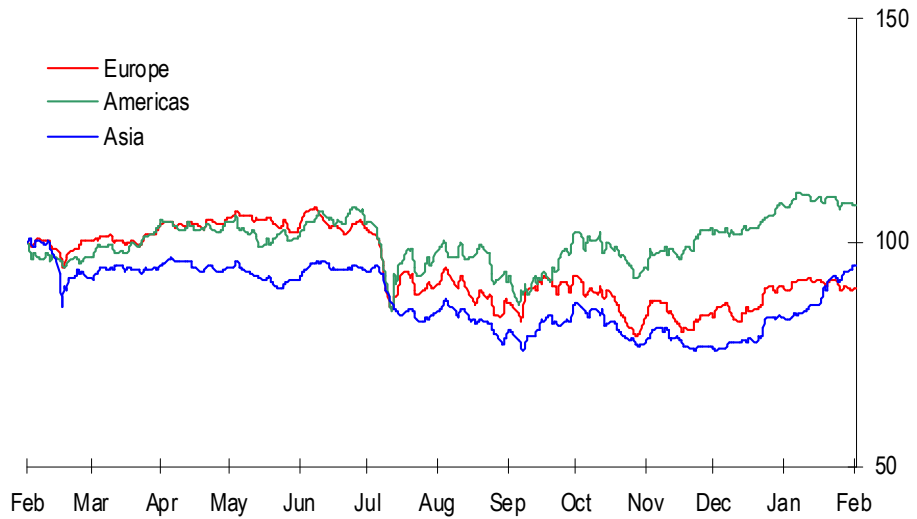
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# GLOBAL - DATA

February 2012

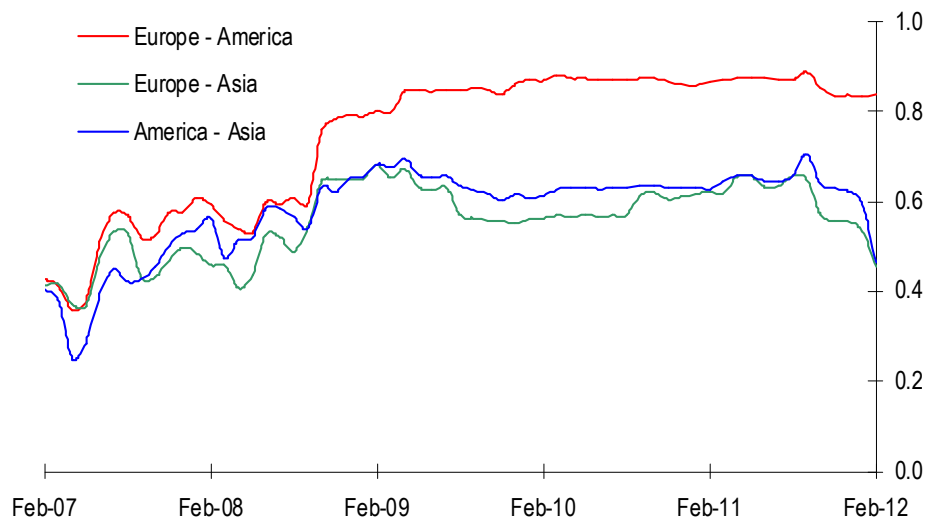
Graph 1:  
Continental performance of GPR  
250 Property Shares Index (local  
returns)



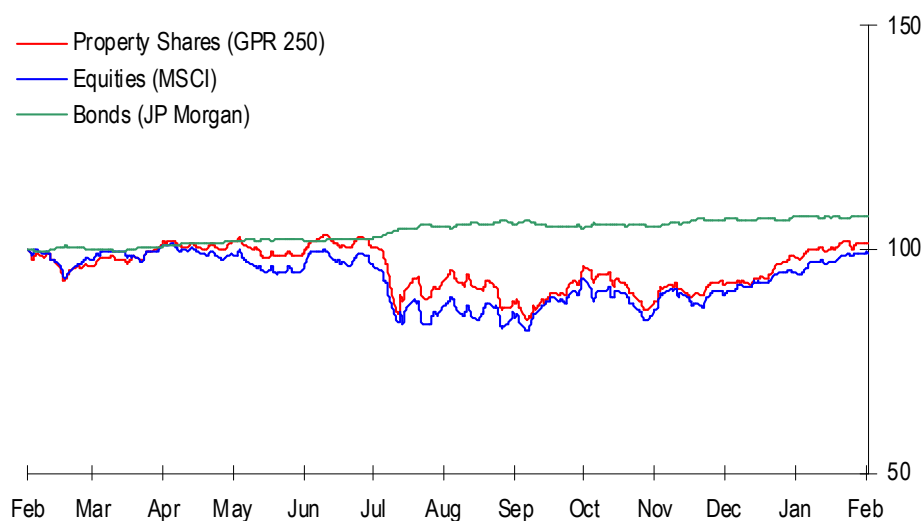
Graph 2:  
Return and volatility of the major  
countries in the GPR 250  
Property Shares Index based on  
5 year figures (local currency)



Graph 3:  
Rolling 36-month correlation on  
continental level of the GPR 250  
Property Shares Index (local  
currency)



Graph 4:  
Performance of property shares to other asset classes (local returns)



Graph 5:  
Rolling 36-months correlation between different asset classes (local returns)

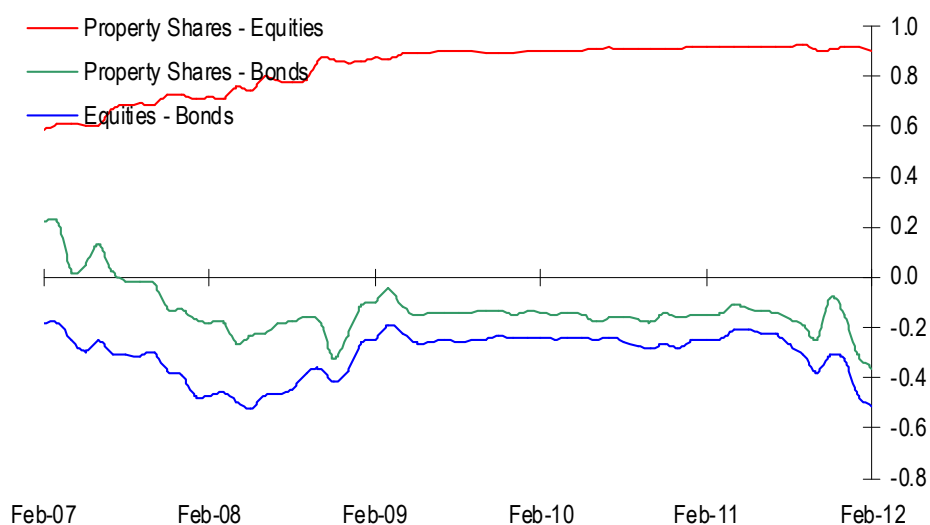


Table 1: Performance of property shares and other assets

**TABLE 1. Local Total Returns Property Shares and Other Assets**

	1 month	6 months	y-t-d	1 year	3 year	5 year	volatility
GPR 250 Global	3.2%	6.2%	9.7%	1.3%	29.5%	-5.9%	0.18
GPR 250 Africa	1.7%	8.7%	7.3%	23.7%	21.3%	13.2%	0.09
GPR 250 Americas	-0.3%	7.8%	5.5%	8.1%	42.3%	-1.4%	0.24
GPR 250 Asia	14.2%	9.5%	24.4%	-5.3%	21.6%	-7.3%	0.23
GPR 250 Europe	0.6%	-4.4%	5.0%	-10.2%	19.8%	-11.0%	0.23
GPR 250 Oceania	2.3%	6.7%	7.9%	0.6%	14.8%	-13.1%	0.15
Global Bonds (JP Morgan)	0.1%	2.8%	0.7%	7.6%	4.4%	4.8%	0.03
Global Equities (MSCI)	4.8%	10.9%	9.3%	-1.0%	19.7%	-1.3%	0.15

Note: Volatility is the 36-month standard deviation of returns. 3 and 5 year returns are annualized

## Wereldhave Focuses On Western Europe

*The GPR 250 Europe Index advanced a marginal 0.6% in February 2012*

*Wereldhave announced that it would fully concentrate on shopping centres in Western Europe and offices in Paris and Madrid*

The GPR 250 Europe Index advanced a marginal 0.6% in February 2012. Best performers turned out to be Italy (Beni Stabili SIIQ, 10.8%), Turkey (8.7%), Austria (5.2%), Spain (Inmobiliaria Colonial SA; 2.8%) and Germany (2.4%) while Poland (GTC; -17.2%) posted the biggest loss in local currency terms.

Wereldhave announced that it would fully concentrate on shopping centres in Western Europe (the Netherlands, Belgium, Finland and the United Kingdom) and offices in Paris and Madrid. This strategic choice implies that Wereldhave will sell its property investments in the United States. The proceeds will be used for purchases and (re-)development projects in Western Europe. The shopping centre exposure of the total property portfolio will be increased to 60-80%. The office investments will amount to 15-30% of the portfolio and the development portfolio will move within a range of 5-10% of the property portfolio.

A group including Patrizia Immobilien AG obtained approval from Landesbank Baden-Württemberg to buy its property unit for EUR 1.435bn. The acquisition of LBBW Immobilien GmbH, which owns 21,000 apartments and concerning Germany's biggest property deal since 2008, is to be completed in the first quarter of 2012. Patrizia Immobilien AG is acting as investment and asset manager for a group comprising insurance companies and pension funds, including Sweden's AP3 pension fund. Landesbank Baden-Württemberg is selling its property unit after a EUR 5.0bn bailout by the company's owners, which include the state of Baden-Württemberg and regional savings banks, during the financial crisis. The sale of the unit must be completed by the end of 2012 for Landesbank Baden-Württemberg to comply with European Union conditions.

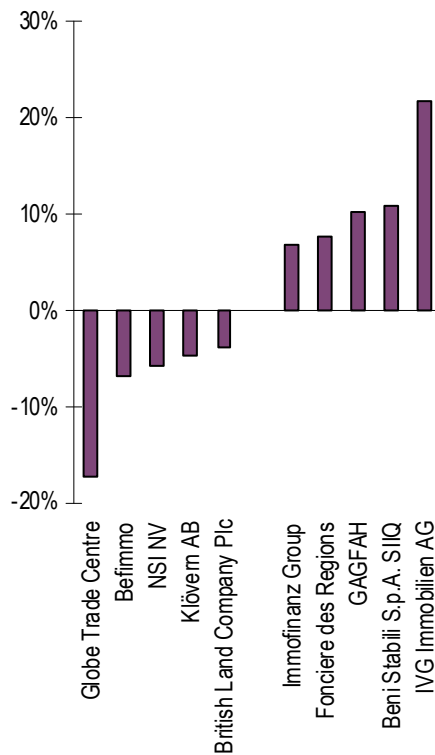
Klövern could merge with its peer Corem, according to newspaper articles citing unnamed sources who speculated that Klöver's recent offer for the property company Dagon, is a step towards merging Klöver and Corem. Additionally, Swedish property investor Mr Rutger Arnhult, who owns significant stakes in both companies, would have pushed the offer for Dagon in order to attract the collaborative interest of Dagon shareholder Arvid Svensson Invest.

Mercialys SA announced a plan to distribute EUR 1.25bn of one-time dividends in 2012. The company will distribute EUR 13.59 per share to investors in two installments, funded partly by the sale of as much as half of its shopping centres this year. Casino Guichard-Perrachon will reduce its shareholding in Mercialys SA from 51% to about 35%. Mercialys SA manages shopping centres, most occupied by Casino supermarkets, and the adjacent arcades and restaurants and aims to sell EUR 500m of small shopping centres to concentrate on large outlets that attract higher-paying retail brands.

## EUROPE – DATA

February 2012

Graph 6:  
Top and bottom performing  
European companies (local  
returns)



Graph 7:  
Top and bottom performing  
European countries (local  
returns)

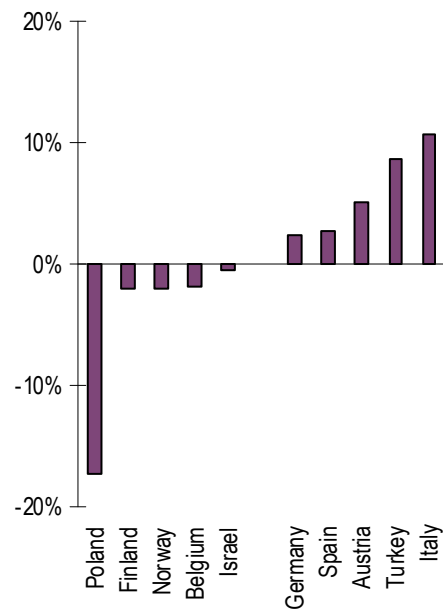


Table 2:  
Long and short-term returns of  
European countries (local returns)

**TABLE 2.** Local Total Returns of European Countries (GPR 250)

	1 month	6 months	y-t-d	1 year	3 year	5 year	volatility
Europe	0.6%	-4.4%	5.0%	-10.2%	19.8%	-11.0%	0.23
Austria	5.2%	-0.2%	6.7%	-20.8%	50.4%	-21.4%	0.49
Belgium	-1.8%	-5.5%	-1.7%	-8.1%	3.8%	-3.6%	0.15
Finland	-1.9%	-5.0%	3.8%	-16.9%	25.3%	-11.8%	0.36
France	0.0%	-4.6%	5.5%	-5.2%	21.6%	-4.3%	0.24
Germany	2.4%	-3.4%	2.0%	-25.9%	16.3%	-21.7%	0.25
Israel	-0.5%	2.5%	3.0%	-9.4%	N/A	N/A	N/A
Italy	10.8%	-19.8%	21.3%	-41.8%	-8.4%	-20.8%	0.40
Netherlands	0.3%	-11.2%	5.7%	-20.7%	12.4%	-7.2%	0.22
Norway	-1.9%	-14.2%	12.6%	-16.2%	18.7%	N/A	0.72
Poland	-17.2%	-27.6%	-5.8%	-58.6%	-13.0%	-28.5%	0.37
Spain	2.8%	-50.4%	-17.1%	-76.0%	N/A	N/A	N/A
Sweden	-0.2%	-2.2%	4.4%	-3.6%	21.9%	0.2%	0.28
Switzerland	1.6%	-1.2%	0.7%	9.6%	24.0%	7.3%	0.11
Turkey	8.7%	11.1%	18.7%	-4.8%	24.5%	-2.5%	0.35
United Kingdom	0.4%	-3.7%	6.2%	-9.9%	19.2%	-15.0%	0.26
MSCI Europe	4.3%	10.8%	8.0%	-5.4%	16.8%	-2.3%	0.16
JP Morgan Germany	0.2%	4.6%	0.2%	11.6%	6.0%	6.3%	0.05

Note: Volatility is the 36-month standard deviation of returns. 3 and 5 year returns are annualized

### W. P. Carey & Co. LLC Approves REIT Conversion

The Americas continental counterpart of the GPR 250 Index recorded a marginal 0.3% loss in February 2011, predominantly due to the United States property stocks losing 0.9% on aggregate. Local country indices for Canada (3.2%) and especially Brazil (11.2%) ended the month in positive territory.

*CommonWealth REIT appears to be going ahead with the spinoff of its Hawaii properties in an IPO of Select Income REIT*

CommonWealth REIT appears to be going ahead with the spin-off of its Hawaii properties in an IPO. Select Income REIT plans to sell 8.0 million shares with an expected subscription price of between USD 21.00 and USD 23.00 per share. Based on the high end of the range and including the 1.2 million shares over-allotment option, the offering represents a maximum size of USD 211.6m. The company plans to use proceeds from the offering to repay part of a USD 400m promissory note due to CommonWealth REIT.

W. P. Carey & Co. LLC's management board has approved its conversion to a REIT and that its management board and the management board of its publicly held, non-traded REIT affiliate, Corporate Property Associates 15 Incorporated (CPA®:15), have unanimously approved a definitive merger agreement pursuant to which W. P. Carey & Co. LLC will acquire CPA®:15 immediately following the REIT conversion. Under the terms of the proposed merger, CPA®:15 shareholders will receive USD 1.25 in cash and 0.2326 W. P. Carey & Co. LLC shares for each (1) CPA®:15 share at closing. The new REIT, to be named W. P. Carey Inc., will continue to trade on the New York Stock Exchange. The conversion to a REIT is subject to the approval of W. P. Carey & Co. LLC shareholders and the merger is subject to the approval of both the shareholders of W. P. Carey & Co. LLC and CPA®:15 shareholders.

*Mission West Properties Inc. would be preparing to sell itself to the highest bidder*

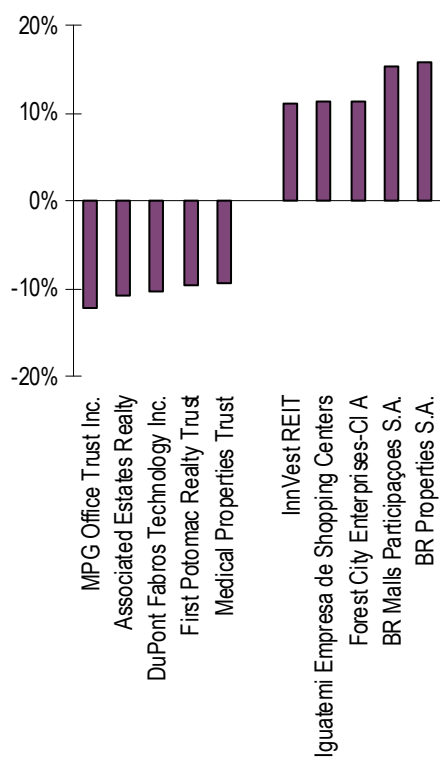
Mission West Properties Inc. would be preparing to sell itself to the highest bidder. Mr Carl Berg, the founder, CEO and largest shareholder of Mission West Properties Inc., gave suitors until 22 February 2012 to submit bids. Mr Berg said the company signed about 60 confidentiality agreements with interested private-equity firms, other REIT's and foreign investors since it announced in December 2011 that it was exploring a sale. This is the second time that Mr Berg has put the company up for sale. In 2007, Starwood Capital Group agreed to pay USD 1.8bn for the company but the deal fell through one week before closing when lenders pulled out as the housing market began to sink.

Rouse Properties, Inc. started to sell new shares in a previously announced 0.375094056 per 1 rights offering at a price of USD 15.00 per share with the subscription period starting at 9 February 2012. The rights issue was fully underwritten.

# AMERICAS – DATA

February 2012

Graph 8:  
Top and bottom performing  
American companies (local  
returns)



Graph 9:  
Top and bottom performing  
American countries (local  
returns)

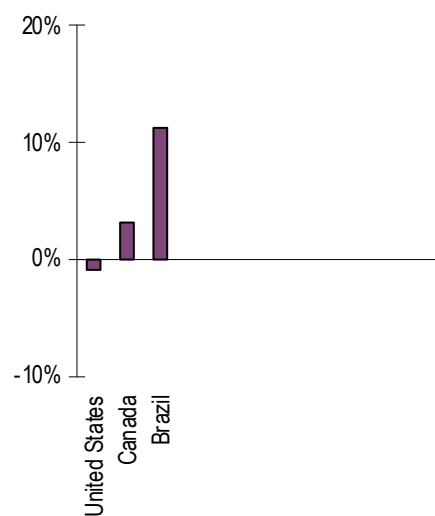


Table 3:  
Long and short-term returns of  
American countries (local  
returns)

**TABLE 3.** Local Total Returns American Countries (GPR 250)

	1 month	6 months	y-t-d	1 year	3 year	5 year	volatility
Americas	-0.3%	7.8%	5.5%	8.1%	42.3%	-1.4%	0.24
Brazil	11.2%	23.5%	16.2%	35.6%	50.5%	N/A	0.29
Canada	3.2%	12.2%	6.2%	15.2%	37.2%	5.0%	0.12
United States	-0.9%	6.9%	5.2%	6.7%	42.6%	-2.1%	0.26
MSCI North America	4.2%	12.1%	9.0%	3.9%	24.9%	1.7%	0.16
JP Morgan United States	-0.7%	2.3%	-0.3%	9.7%	5.1%	6.6%	0.04

*Note: Volatility is the 36-month standard deviation of returns. 3 and 5 year returns are annualized*

### New REIT Legislation Coming To South Africa

Africa (1.7%), Asia (14.2%) and Oceania (2.3%) all posted gains in February 2012. In Asia, the local country index for the Philippines (-0.2%) was the (negative) outlier. The gains for countries ranged from 7.6% for China (Hui Xian REIT) to double-digit ones for Singapore (10.5%) and Japan (18.6%).

Japan Real Estate Investment Corp. raised nearly JPY 37bn in a share sale, selling 54,400 shares priced at JPY 672,750 each with the newly issued shares having been included in the index calculations on 29 February 2012. Japan Real Estate Investment Corp. plans to use the proceeds to pay back debt. The company is among four J-REITs that have announced capital raisings this year. Nippon Building Fund Inc. raised JPY 21.6bn, while Advance Residence Investment Corp. raised JPY 16.1bn. Industrial & Infrastructure Fund Investment Corp. said in mid-February 2012 that it would raise as much as JPY 17.5bn by selling shares in Japan and abroad.

*South Africa's new REIT legislation has been earmarked for finalization in 2013, which would bring South Africa's listed property investment in line with international norms*

South Africa's new REIT legislation has been earmarked for finalization in 2013, which would bring South Africa's listed property investment in line with international norms. Over the past 10 years, listed property has become the most active sector on the Johannesburg Stock Exchange in terms of new listings, mergers and acquisitions. Presently the listed property sector comprises five property unit trusts (PUTs), but about 20 property loan stocks (PLSs), with the numbers reflecting the industry's preference for the PLS structure. The listed property sector has been working with the National Treasury for over five years to formalize REIT legislation in South Africa. REIT legislation discussions were initially slow as a result of the various industry complexities and a number of immediate issues facing the National Treasury, highlighted by the global financial crisis. The April 2011 tax legislation amendment bill raised the priority of REIT legislation.

IGB Corp Bhd is said to be mulling over a hotel REIT to unlock the value of its hospitality assets in the country and overseas. Industry observers said the hotel REIT was likely to come about after the property group's 75%-owned unit, KrisAssets Holdings Bhd, had successfully injected its two retail assets in Mid Valley City - the *Mid Valley Megamall* and *The Gardens* shopping mall – into a retail REIT later in 2012.

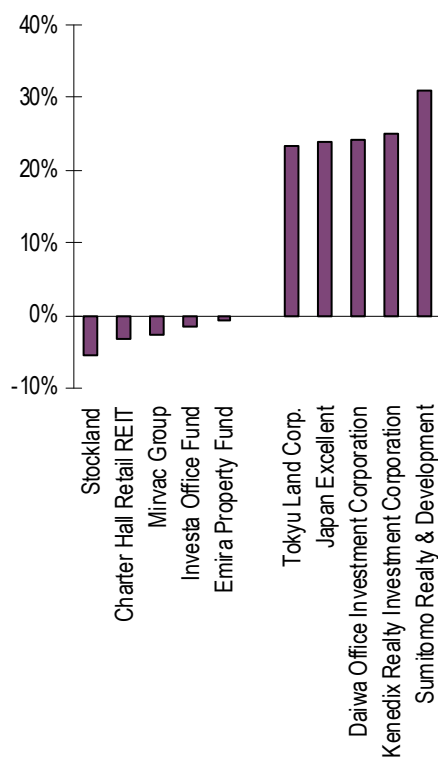
*Stockland is interested in acquiring some of Centro Retail Australia's shopping malls*

Stockland is interested in acquiring some of Centro Retail Australia's shopping malls as it moves to focus entirely to retail, residential and retirement properties although the company had not approached Centro Retail Australia to express its interest. Stockland, which is seeking to sell its office and industrial properties, has been approached by offshore groups interested in buying its industrial assets, worth about AUD 1.0bn.

# AFRICA, ASIA & OCEANIA – DATA

February 2012

Graph 10:  
Top and bottom performing  
Asian and Oceanian  
companies (local returns)



Graph 11:  
Top and bottom performing  
Asian and Oceanian countries  
(local returns)

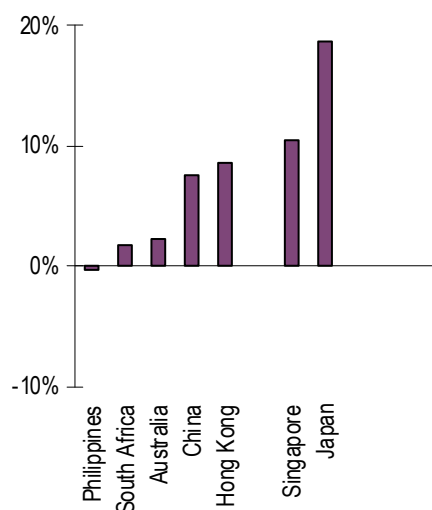


Table 4:  
Long and short-term  
performance of Asian and  
Oceania countries (local  
returns)

**TABLE 4.** Local Total Returns of Asian and Oceania Countries (GPR 250)

	1 month	6 months	y-t-d	1 year	3 year	5 year	volatility
Africa	1.7%	8.7%	7.3%	23.7%	21.3%	13.2%	0.09
Asia	14.2%	9.5%	24.4%	-5.3%	21.6%	-7.3%	0.23
Oceania	2.3%	6.7%	7.9%	0.6%	14.8%	-13.1%	0.15
Australia	2.3%	6.7%	7.9%	0.6%	14.9%	-13.1%	0.15
China	7.6%	4.6%	16.0%	-10.5%	N/A	N/A	N/A
Hong Kong	8.5%	6.5%	23.6%	0.2%	36.6%	10.0%	0.31
Japan	18.6%	11.6%	25.8%	-10.1%	15.1%	-14.5%	0.26
Philippines	-0.2%	39.8%	23.0%	60.5%	35.7%	9.0%	0.27
Singapore	10.5%	5.4%	20.5%	1.1%	25.9%	-4.9%	0.26
South Africa	1.7%	8.7%	7.3%	23.7%	21.3%	13.2%	0.09
MSCI Pacific	8.2%	7.3%	13.4%	-8.9%	9.1%	-8.7%	0.16
JP Morgan Japan	0.1%	1.2%	0.2%	3.3%	2.1%	2.4%	0.02
JP Morgan Australia	-1.1%	3.4%	-1.0%	11.9%	5.4%	7.3%	0.04

Note: Volatility is the 36-month standard deviation of returns. 3 and 5 year returns are annualized

## GPR 250 REIT – DATA

February 2012

Graph 12:  
Rolling 36-months correlation  
between different asset classes  
(local returns)

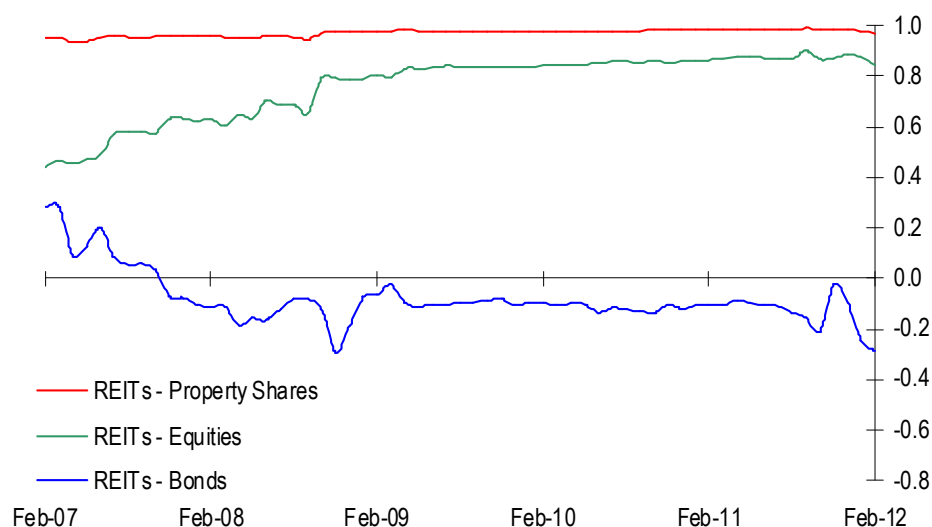


Table 5:  
Long and short-term returns of  
of REITs

**TABLE 5.** Local Total Returns of REITs (GPR 250 REIT)

	1 month	6 months	y-t-d	1 year	3 year	5 year	volatility
Global	0.9%	4.8%	6.3%	3.2%	30.7%	-4.9%	0.19
Africa	-0.2%	6.2%	3.9%	17.8%	17.9%	10.3%	0.10
Americas	-0.6%	7.4%	5.1%	7.8%	42.2%	-1.2%	0.24
Asia	10.2%	1.0%	12.9%	-3.2%	18.3%	-7.3%	0.15
Europe	0.3%	-5.3%	5.9%	-10.3%	17.9%	-8.9%	0.23
Oceania	2.3%	6.7%	7.9%	0.6%	14.8%	-13.1%	0.15
Australia	2.3%	6.7%	7.9%	0.6%	14.9%	-13.1%	0.15
Belgium	-1.8%	-5.5%	-1.7%	-8.1%	3.8%	-3.6%	0.15
Canada	3.7%	13.2%	6.0%	18.3%	38.7%	5.9%	0.12
China	7.6%	4.6%	16.0%	N/A	N/A	N/A	N/A
France	0.0%	-4.6%	5.5%	-5.2%	21.6%	12.6%	0.24
Hong Kong	3.8%	7.8%	3.0%	20.8%	10.1%	-11.5%	0.25
Italy	10.8%	-19.8%	21.3%	-41.8%	N/A	N/A	N/A
Japan	13.2%	-0.2%	15.8%	-8.9%	12.5%	-11.5%	0.18
Netherlands	0.3%	-11.2%	5.7%	-22.0%	10.7%	-6.4%	0.22
Singapore	7.2%	0.0%	12.3%	1.0%	30.1%	-1.9%	0.21
South Africa	-0.2%	6.2%	3.9%	17.8%	17.9%	10.3%	0.10
Turkey	8.7%	11.1%	18.7%	-4.8%	-5.0%	-2.5%	0.48
United Kingdom	0.4%	-4.3%	6.6%	-10.9%	18.9%	-13.8%	0.26
United States	-1.0%	6.9%	5.0%	6.8%	42.5%	-1.7%	0.26

*Note: Volatility is the 36-month standard deviation of returns. 3 and 5 year returns are annualized*

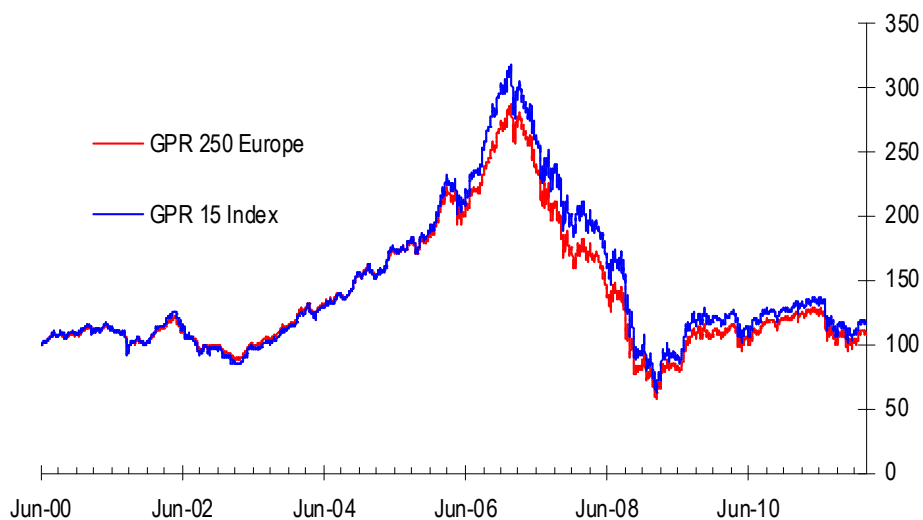
## GPR 15 REAL TIME INDEX

February 2012

### GPR 15 Index serves as a representative benchmark for the European market

As of 30 June 2000, Global Property Research has launched the GPR 15 Index. The index tracks the performances of the 15 most liquid European property companies taking into account the country weight of the GPR 250 Europe Index. It covers nearly 60% of the European market in terms of market capitalization. The number of stocks per company is fixed, so it is easy for investors to hedge the portfolio. The correlation between the GPR 15 Index and the GPR 250 Europe Index is about 0.99 over the past three years and 0.98 since inception.

	Country	Company	Weight
1	Austria	Immofinanz AG	5.45%
2	Belgium	Cofinimmo SA	2.95%
3	France	Fonciere des Regions	3.05%
4	France	Gecina	3.07%
5	France	Klepierre	4.82%
6	France	Unibail-Rodamco SE	26.05%
7	Germany	GAGFAH	0.63%
8	Netherlands	Corio NV	4.96%
9	Sweden	Castellum AB	3.64%
10	Switzerland	Swiss Prime Site	6.50%
11	United Kingdom	British Land Company Plc	10.15%
12	United Kingdom	Capital Shopping Centres Group PLC	4.49%
13	United Kingdom	Hammerson Plc	6.57%
14	United Kingdom	Land Securities Plc	13.44%
15	United Kingdom	Segro Plc	4.23%



**Global Property Research has observed the following changes in the GPR 250**

- Alarko REIT (Turkey) has been removed from the GPR 250 Indices as from 9 February 2012 as the company's free float, calculated as the share price times the available amount of shares outstanding, has been below 50 million US dollar for two consecutive months.
- CANMARC REIT (Canada) has been removed from the GPR 250 Indices as from 10 February 2012 following the acquisition by Cominar REIT (Canada).

Global Property Research will adjust the constituents of the GPR 250 Index and the GPR 250 REIT Index on a quarterly basis. The table below summarizes the inclusions and exclusions of the GPR 250 Index and the GPR 250 REIT Index (indicated with an asterisk), which will become effective as of 19 March 2012.

*Inclusions*

Australia	Centro Retail Australia *
Brazil	Sonae Sierra Brasil S.A.
South Africa	Fountainhead Property Trust *
United States	American Assets Trust Inc *
United States	Summit Hotel Properties Inc *

*Exclusions*

Austria	Atrium European Real Estate Ltd.
Spain	Inmobiliaria Colonial SA
United States	MPG Office Trust Inc. *

**Global Property Research has observed the following changes in the GPR General**

Global Property Research will adjust the constituents of the GPR General Index on a monthly basis. The table below summarizes the inclusions and exclusions of the GPR General Index and the GPR General Quoted Index, which have become effective as of 1 March 2012. Open-ended funds, which are indicated with an asterisk, are included in or excluded from the GPR General Quoted Index.

*Inclusions*

Malaysia	Pavilion REIT
South Africa	Arrowhead Properties Ltd - Cl. A

*Exclusions*

Canada	CANMARC REIT
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## GPR Indices on Data Systems

**Bloomberg:** GPRI <GO>

**Capco:** Search for “GPR”

**EcoWin:** Graphics: Select Country → Stock Market  
Pro: Financial Database → Select Country → Equity Indices → GPR  
Graphics and Pro: text search “GPR”

**FactSet Research Systems:** Structured as: GPCC# , where  
CC is country code  
# is currency (*LOC* for local; *EUR* for euro; *USD* for US dollar)

**Financial Express:** Search for “GPR”

**Fininfo:** Search for “GPR”

**Morningstar, Inc.:** Search for “GPR”

**Reuters:** NXT/Indices9 (in quote browser window)  
0#.GPR (in quote browser window)

**Rimes Technologies Ltd.:** Search for “Global Property Research”

**StatPro** Search for “GPR”

**ThomsonReuters/Datastream:** Mnemonics structured as: GPRXCC# , where  
X is 2 for GPR 250 or G for GPR General  
CC is country code  
# is currency (*L* for local; *E* for euro; *\$* for US dollar)

**ThomsonReuters/Vestek:** Search for “GPR”

**Wilshire Associates, Inc.:** Search for “GPR”

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