EPRA
EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

Attracting Investors to REITs

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EPRA Strategy

- Investor Outreach, Indices & Research
- Reporting & Regulation
- Events & Networking

All three areas support & promote the sector

Member Category	No.	%
Property Co/REITs	110	54
Investors	45	21
Universities	24	11
Consultants	11	5
Insurance Companies	10	5
Banks & Law Firms	7	3
Others	3	1
Total	**210**	**100**

Representing Gross Value > EUR 350 Billion

Global Listed Real Estate Benefits

- FTSE EPRA/NAREIT Global Index
- Diversification & liquidity
- Quality assets & management
- Strong Total Returns & Dividend Yield
- Governance & Transparency
- Research
- Promotion

FTSE EPRA/NAREIT Global Index







FTSE EPRA/NAREIT Global Index

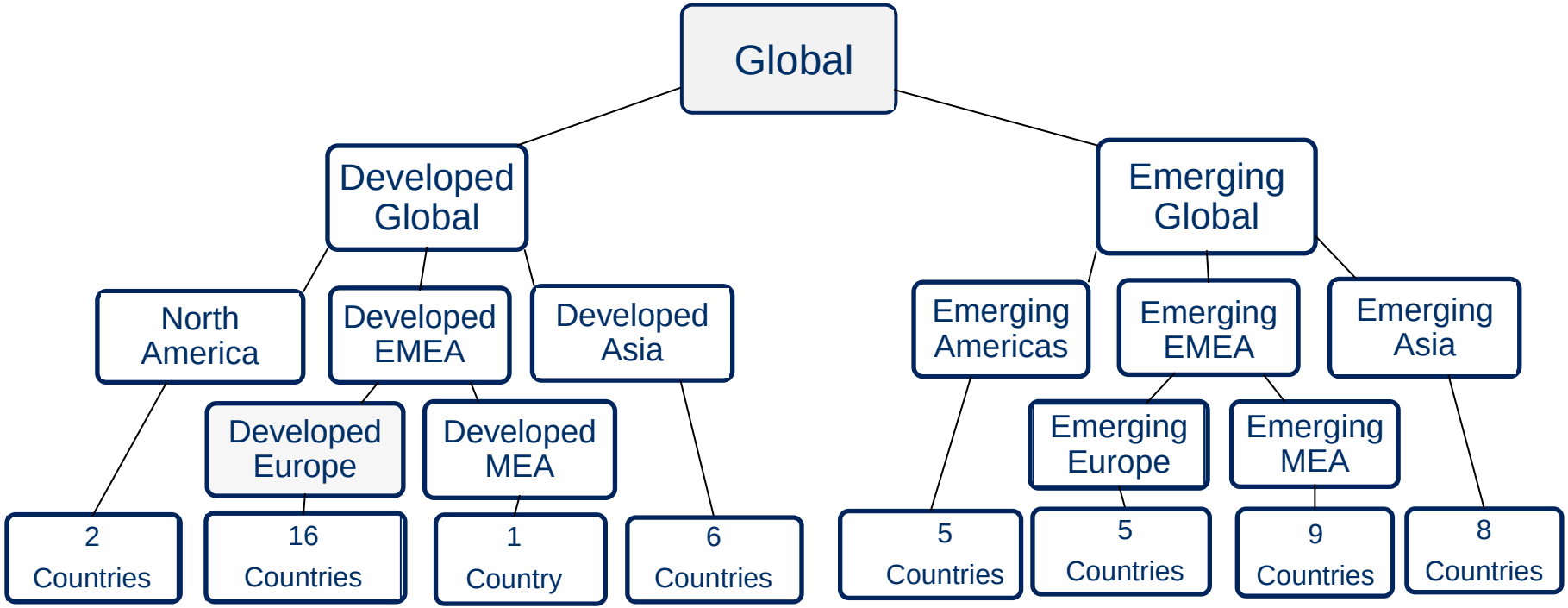
Five major criteria for inclusion:

- Minimum size
- Minimum liquidity
- Minimum free-float
- Minimum level of relevant real estate income
- Detailed English annual reporting

Underpinned by 4 committees with total of > 300 years experience!

To create: A focused, relevant and **investible** benchmark for **global real estate**

FTSE EPRA/NAREIT Global Index



Each index has multiple sub-indices:

- 9 Sectors
- Rental or Non-Rental
- REIT or Non-REIT

FTSE EPRA/NAREIT Global Index

Index Use:

- Specialist Managers
- Pension Funds

- Global ETFs market
  - US$ 10.5bn AUM

- Futures contracts – Europe
- OTC products



You need to be on investors radar!

Global diversification

Direct investment

Zones	Zonal markets	Property sectors	No. of properties	Ave. price (€m)	Total invested (€bn)
EMEA	10	4	25	25	25
Americas	10	4	25	25	25
Asia Pacific	10	4	25	25	25
				Total Investment required:	**75**

and if real estate is 10% of the total portfolio = **€750bn!**

Significant Global Investors

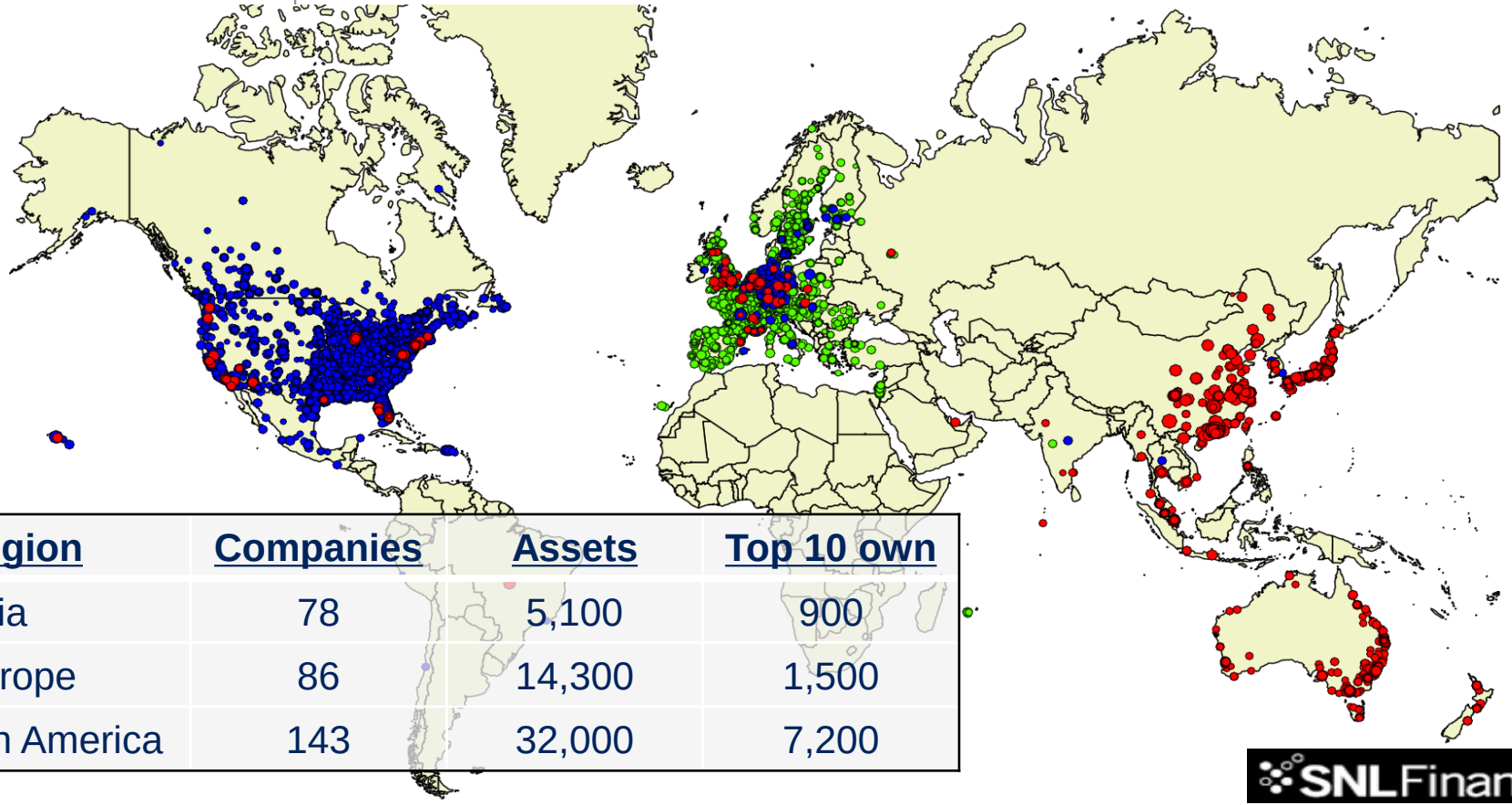
Pension Fund	Country	2012 AUM ($bn)	2013 AUM ($bn)
GPJ	Japan	1,181	1,227
APG	NL	418	477
NPF	Korea	359	402
CDC	France	341	395
FR Thrift	US	321	358
Others		27,134	29,121
Total (Source: Towers Watson 2014)		**29,754**	**31,980**

Sovereign Wealth Fund	Country	2012 AUM ($bn)	2013 AUM ($bn)
GPF	Norway	716	838
ADIA	UAE	627	773
SAMA	Saudi	568	676
CIC	China	533	575
SAFE	China	482	568
Others		2,396	2,892
Total (Source: SWF 2014)		**5,322**	**6,322**



(If) Government Pension Fund of Japan invests 5% in real estate = $60bn!

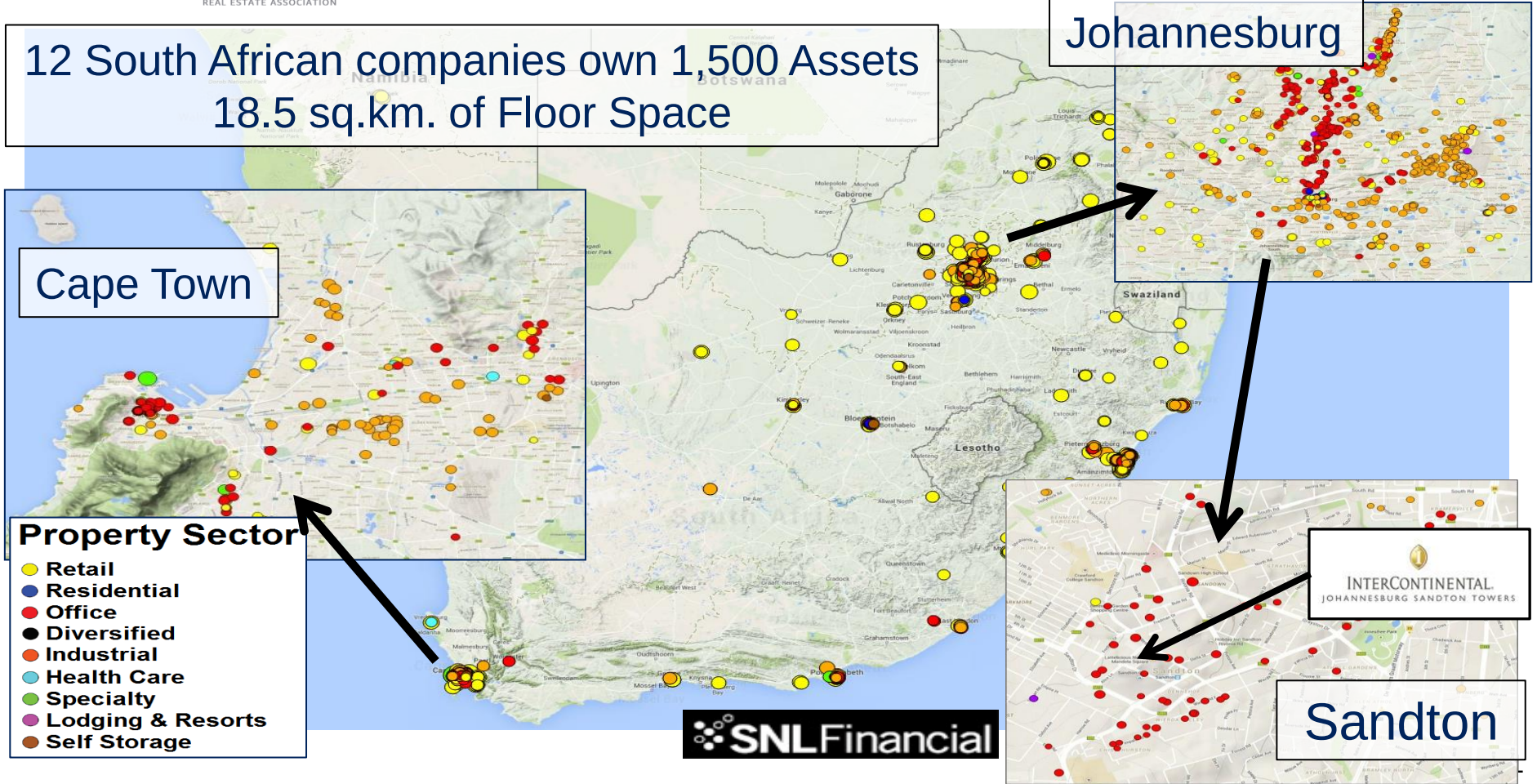
Global Asset Exposure – €1.5 Trn



Region	Companies	Assets	Top 10 own
Asia	78	5,100	900
Europe	86	14,300	1,500
Nth America	143	32,000	7,200

South Africa Asset Exposure

12 South African companies own 1,500 Assets
18.5 sq.km. of Floor Space



Company Examples – Major Cities

One New Change - London

- Heart of City of London overlooking St Paul's Cathedral
- Approx. 20,000 sqm Retail, 35,000 sq m Offices
- EPRA Member: Land Securities



Paris

- 500,000 sqm owned at La Defense
- Major player in the Greater Paris project
- EPRA Member: Icade



The Leadenhall Building – London

- 224m tall building in centre of City of London
- Office largest in Europe including 7 stories open plan
- EPRA Member: British Land



Paris

- Located in La Defense
- Tenants include: PWC, LCL Bank & Heineken
- EPRA Member: Gecina



Company Examples - Offices

Lowenbrau site - Zurich

- Zürich West, former industrial area „Kries 5“
- Disused brewery dated back to 1897
- EPRA Member: PSP Swiss Property



MainTor - Frankfurt

- Six impressive buildings in financial district
- Over 100,000 sqm (mix of retail and offices)
- EPRA Member: DIC



Alte Post – Hamburg

- Addition of a new 6-floors development
- 9,800 sqm (mix of retail and offices)
- EPRA Member: alstria



Oslo - Norway

- Refurbishment docklands area
- Mixed use, office, retail and urban space
- EPRA Member: Norwegian Property



Company Examples - Retail

SOHO - London

- Mix of retail, office & living space
- Mix of flagship stores and specialist retailers
- EPRA Member: Shaftesbury



Carrousel du Louvre – Paris

- 11,500 sqm retail and leisure
- 16.7mn visitors per annum
- EPRA Member: Unibail-Rodamco



Les Terrasses du Port - Marseille

- Located in Euromediterranee regeneration area
- 190 stores & 260m long restaurant terrace
- EPRA Member: Hammerson



Gare St Lazare – Paris

- Refurbishment of station attracting 500,000 commuters daily
- 80 retailers & 10 restaurants
- EPRA Member: Klépierre



Company Examples - Specialist

Student Accommodation – UK

- 43,000 Students in 130 sites in 23 UK cities
- New and refurbished modern & energy efficient units
- EPRA Member: Unite



Co Working & Shared Offices - UK

- 30,000 people employed in offices
- Refurbished warehouses/derelict city spaces
- EPRA Member: Workspace



Healthcare – Belgium & France

- In 2005 Cofinimmo identified nursing homes
- Now 40% of total portfolio
- EPRA Member: Cofinimmo



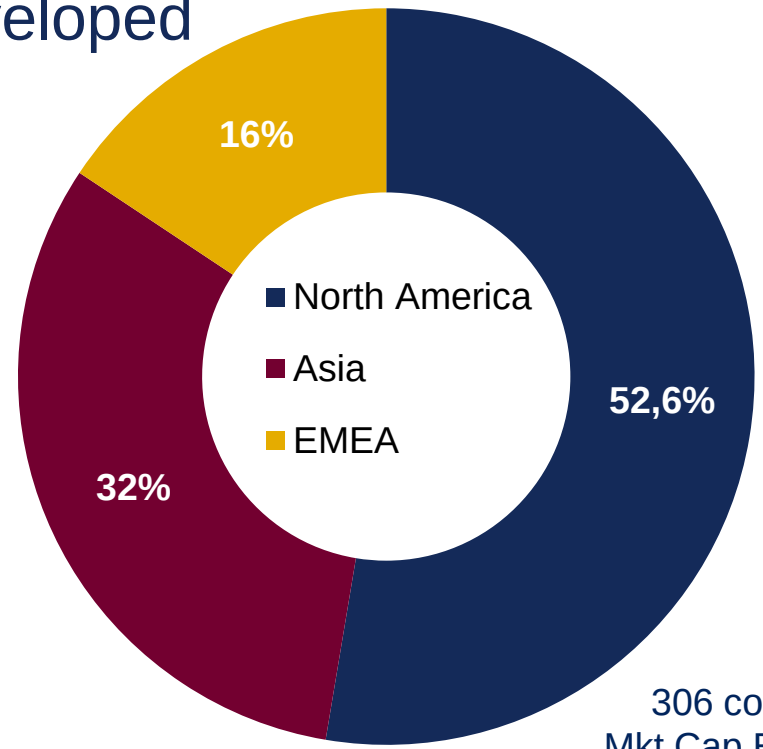
Industrial – UK & Europe

- Warehousing, logistic & datacenters
- 5.8million sqm worth over GBP4.5billion
- EPRA Member: SEGRO



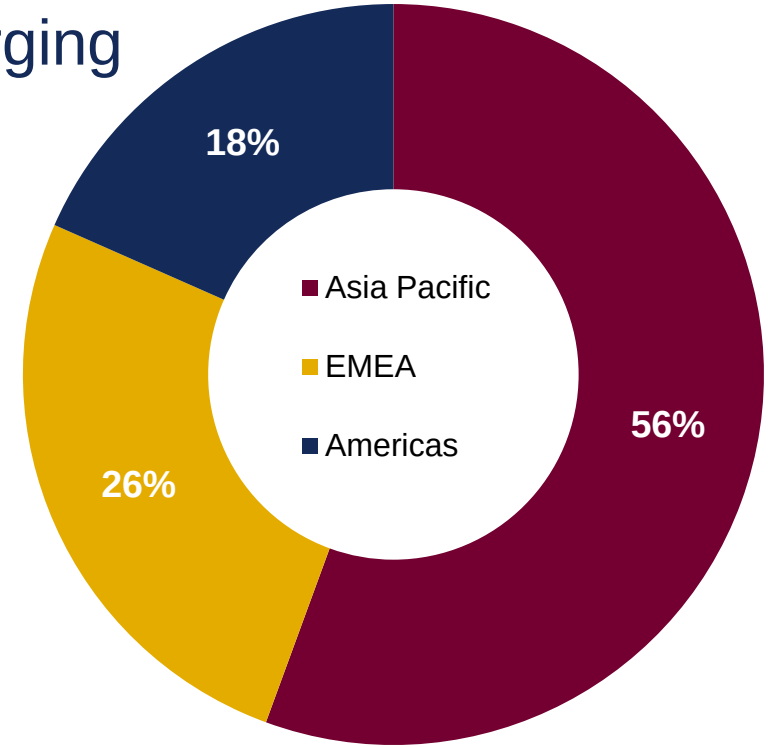
Regional Breakdowns

Developed



306 constituents
Mkt Cap EUR 927 Bn.

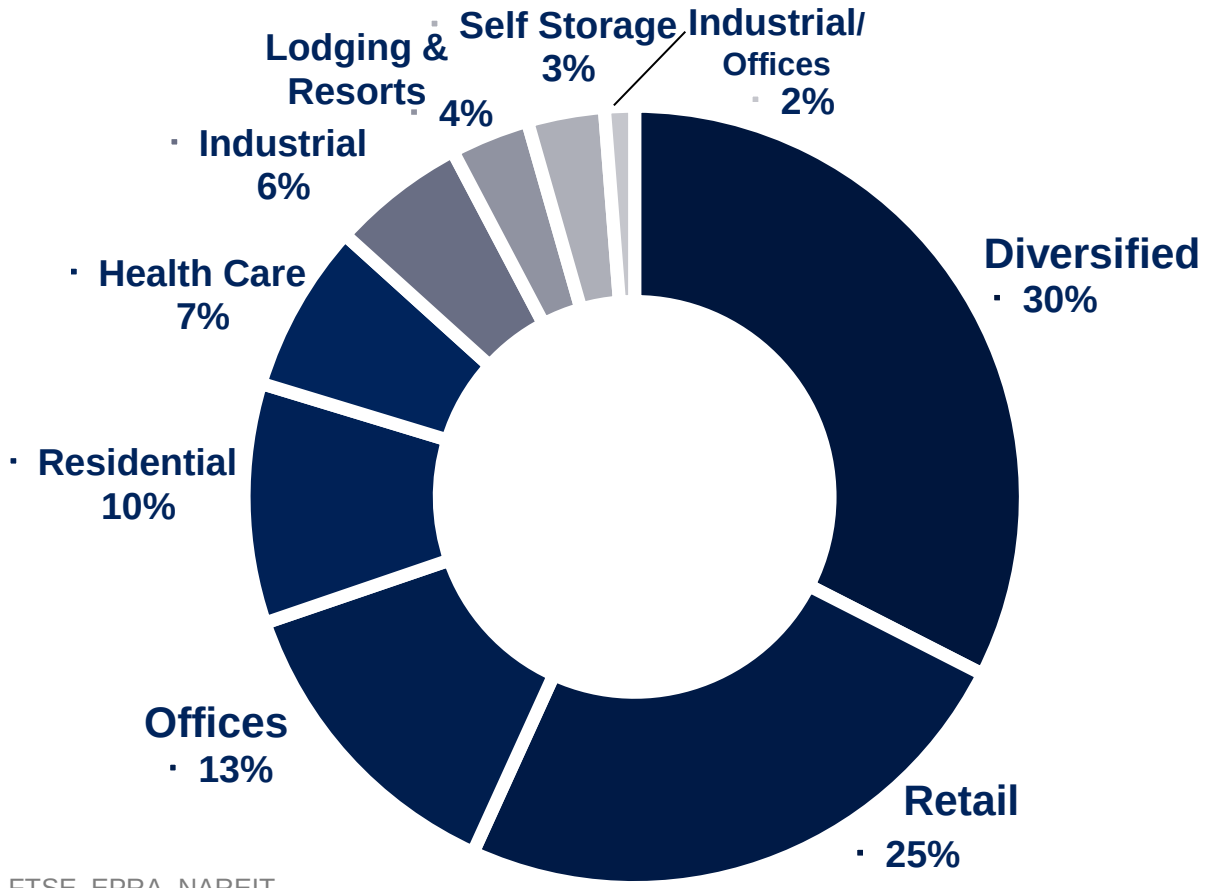
Emerging



150 constituents
Mkt Cap EUR 119 Bn.

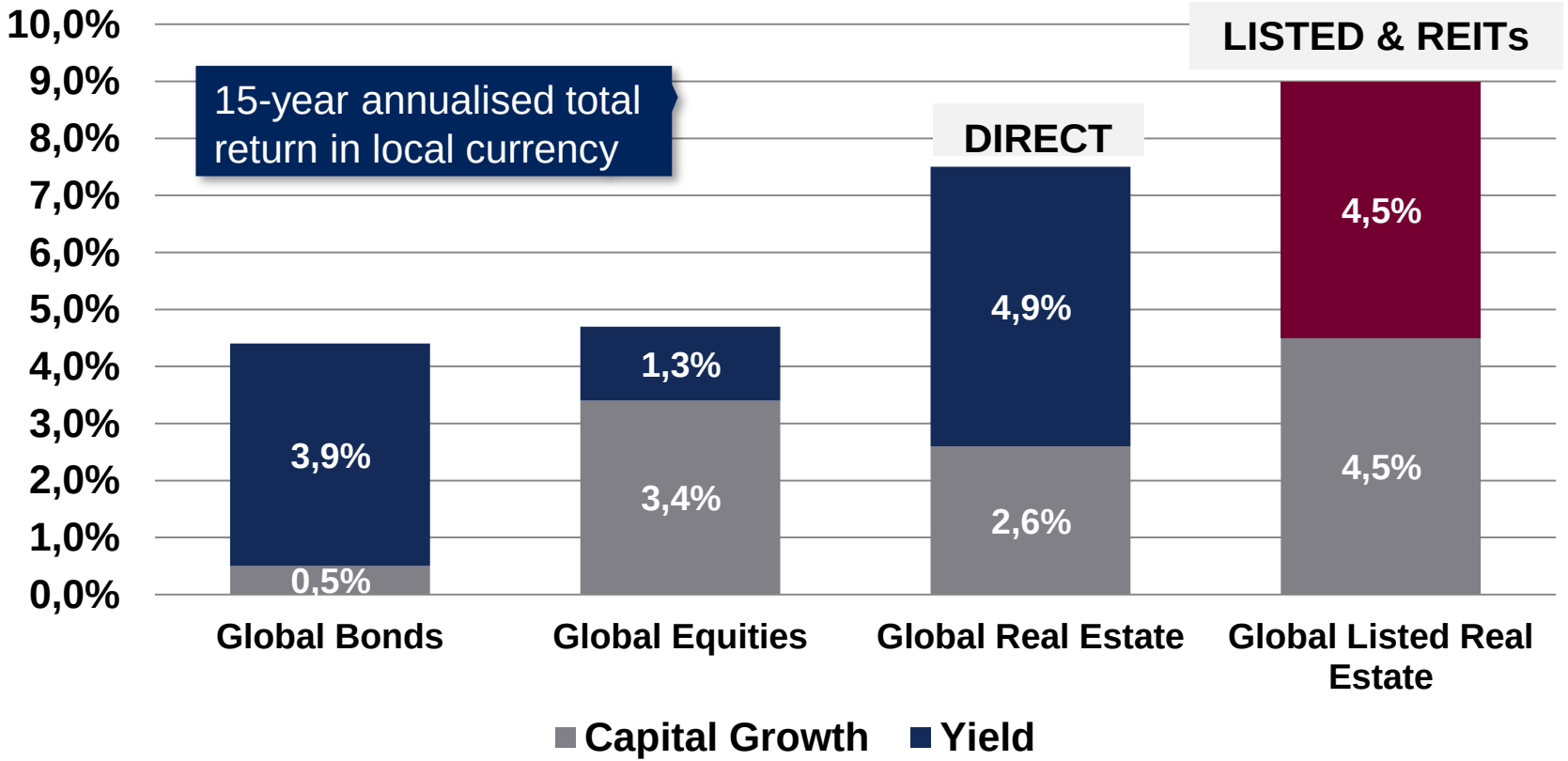
Sources: FTSE, EPRA, NAREIT
Data as of: September 1, 2014

Global Property Sectors



Sources: FTSE, EPRA, NAREIT
Data as of: August 30, 2014

Strong Long Term Performance



Sources: Eurostat, JP Morgan, FTSE, IPD, MSCI, Bloomberg, EPRA, NAREIT
Data as of: September 30, 2014 **Note**: Based on assumptions made by EPRA

Annualised Local Total Returns

	Global Listed Real Estate	Global Government Bonds	Global General Equities
3 years	18.0%	3.3%	**19.1%**
5 years	**14.6%**	3.9%	11.4%
10 years	7.6%	3.9%	**7.8%**
15 years	**9.0%**	4.4%	4.7%
20 years	8.7%	5.5%	7.7%

Source: EPRA
Data as of: September 30, 2014

Transparency - EPRA BPR 2014

Total of 84 European companies surveyed

- 50% gained a ‘medal’ or award:
  - 25 gold medals
  - 9 silver medals
  - 8 bronze medals
- 81% disclose at least 1 EPRA measure (91% mkt cap)
- 33% disclose all 6 EPRA measures (58% mkt cap)

- South African BPRs & EPRA BPRs under EMEA umbrella?

Transparency – BPR 2014



Alstria
Befimmo
British Land
Citycon
Cofinimmo
Corio
Derwent
FDR
Gecina
Hamborner
Hammerson
Icade
INTU
Klepierre
Land Secs
Leasinvest
Mobimo
NSI
PSP
SEGRO
Sponda
Unibail
Vastned
WDP
Wereldhave



Aedifica
Affine
Capco
Great Portland
Intervest Office
Mercialys
Picton
Shaftesbury
SPS



Atrium
Development Secs
DIC
EuroCommerical
Helical Bar
LondonMetric
STE
Workspace



Icade
NSI
Wereldhave
Aedifica
Intervest Office

Non-EPRA members are underlined

Transparency....but 42 Co's Below Bronze!



Big Yellow
Daejan Hldgs
F&C Commercial
F&C UK
Grainger
Hansteen
MedicX
Primary Health
Quintain
St Modwen
Safestore
Schroder REIT
Standard Life
UK Commercial
Unite



Balder
Castellum
Dios
Fabege
Hemfosa
Hufvudstaden
Klovern
Kungsleden
Wallenstam
Wihlborgs



Deutsche Annington
Deutsche Euroshop
Deutsche Wohnen
GAGFAH
LEG
Prime Office
TAG



Beni Stabili
IGD



CA Immo
Convert



Wereldhave Belgium



Allreal



Eurobank



Technopolis



Colonial



ANF

Non-EPRA members are underlined

Transparency - sBPR 2014 Results



British Land***
Beni Stabili
Citycon***
Cofinimmo***
Derwent London***
EuroCommercial*
FDR***
Gecina***
Grainger
Great Portland**
INTU***
Klepierre***
Land Secs***
SEGRO***
Unibail***
Workspace*



Corio***
Hammerson***
STE*
Wereldhave***



Alstria***
Befimmo***
DIC Asset*
Sponda***
Technopolis
Wereldhave Belgium

***Gold BPR
** Silver BPR
* Bronze BPR

- 10 companies won gold BPR & sBPR
- 57% reported at least one sBPR (74% mc)
- 31% achieved an award (27% - 2013)

Transparency - GRESB

Ranking Table	2014 Points
Australia Listed	68
Australia Non-Listed	63
Europe Listed	54
Asia Listed	51
Nth America Listed	49
Europe Non-listed	47
Asia Non-listed	44
Nth America Non-listed	42

“Green Stars”

Management = 64 * 0.30
Implementation = 49 * 0.70

>50 required in both categories to achieve “green star” status

Global Listed scored 52 v Global non-listed scored 45

EPRA Research

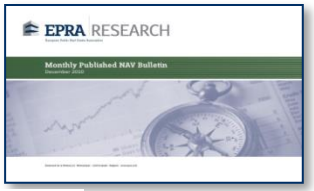
Daily, weekly, monthly & ad-hoc tailored research and data output based on the Global Index constituents









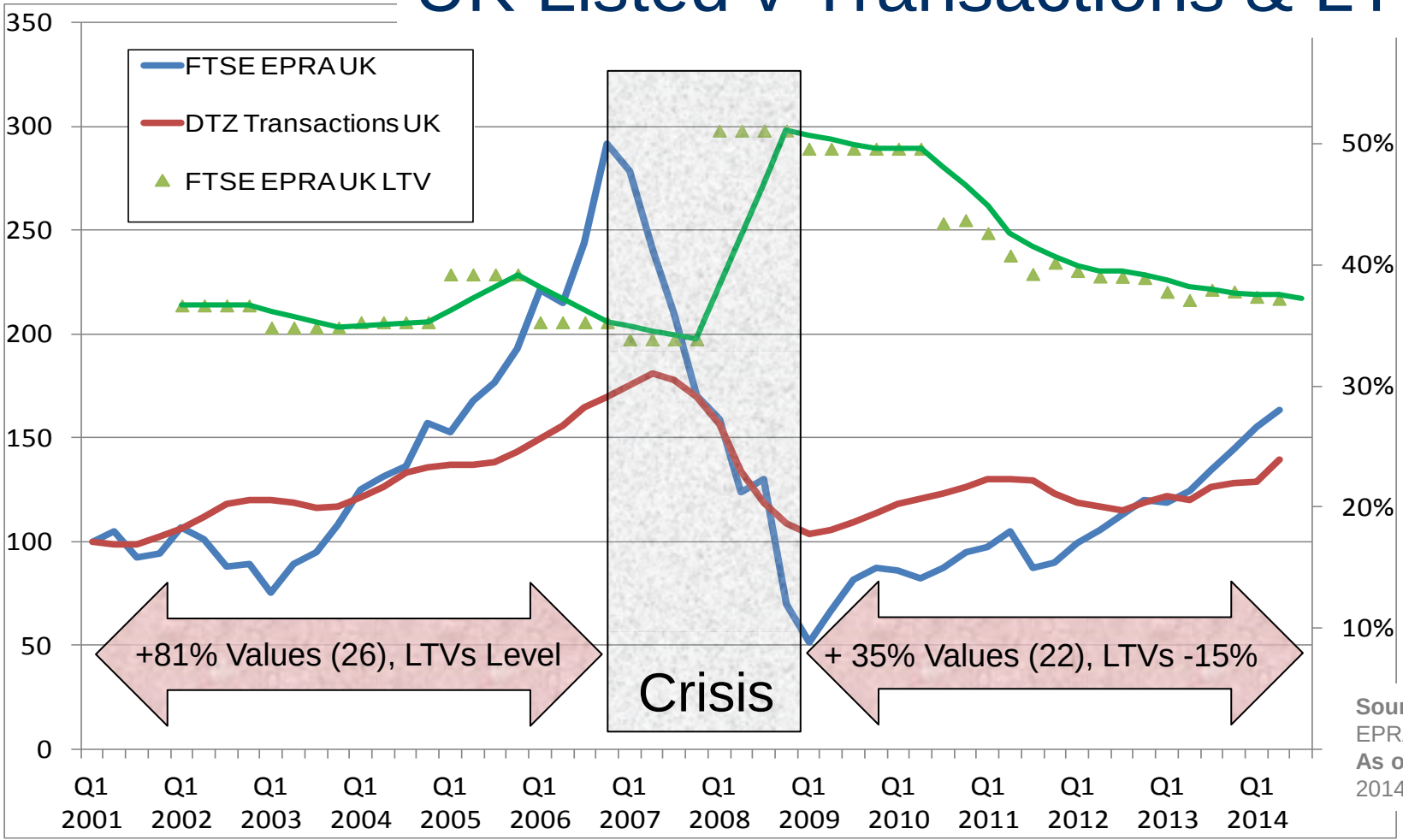






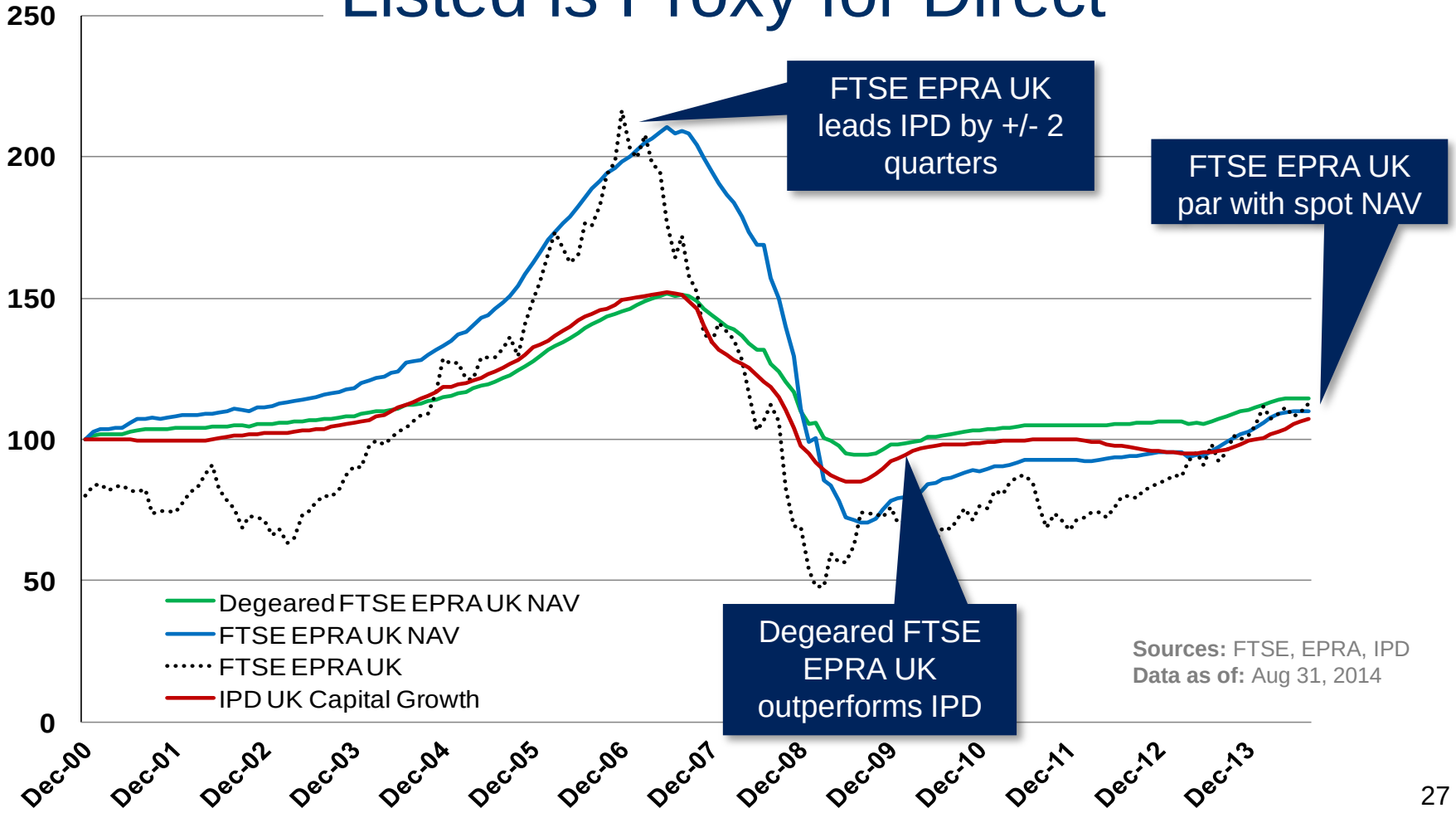


UK Listed v Transactions & LTV



Sources: FTSE, EPRA, DTZ
As of: June 30, 2014

Listed is Proxy for Direct



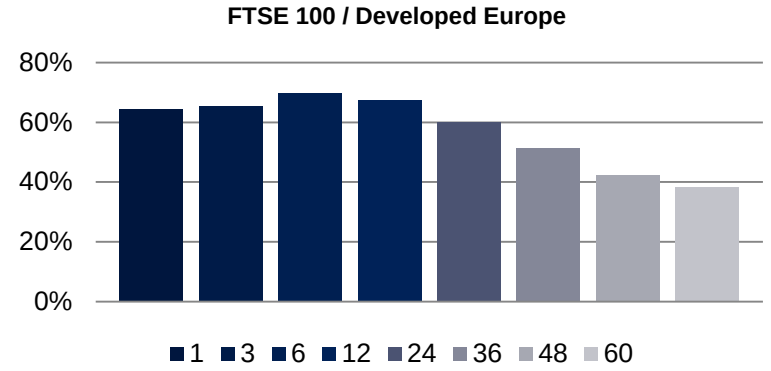
Sources: FTSE, EPRA, IPD
Data as of: Aug 31, 2014

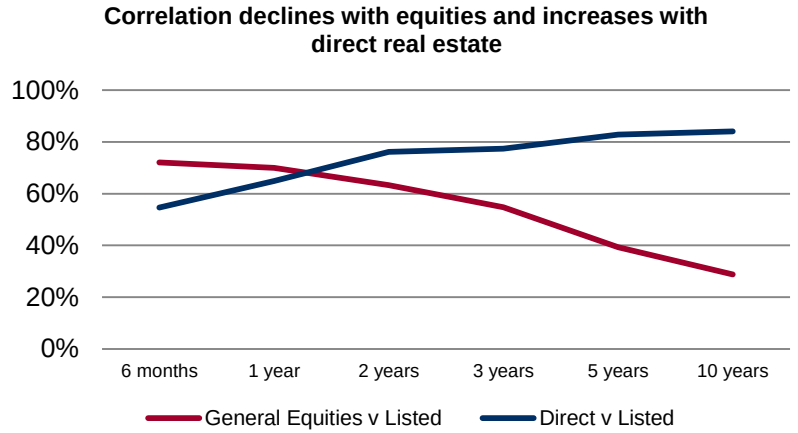
Academic Research

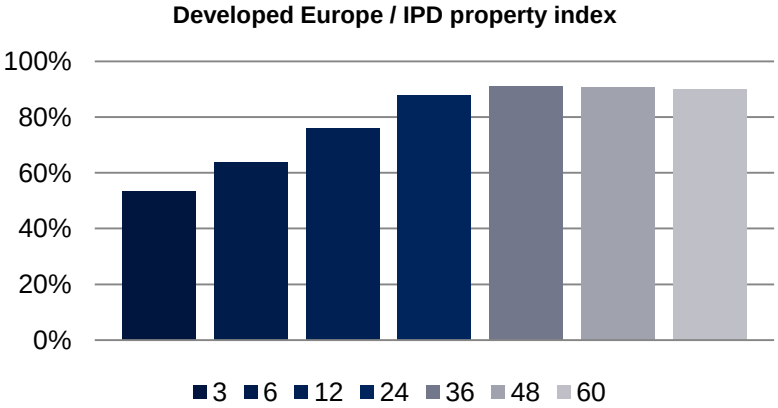


- Leading universities in committee
  - Cambridge University is current chair
- Research to bolster the investment case
- Average of 5 projects per annum focusing on:
  - Performance
  - Allocations
  - Correlations
- Full academic reports and executive summaries published – hits a broad audience
- EPRA research compendium is home for all reports

Correlation declines with equities and increases with direct real estate







- Correlation with stocks declines as investment horizon increases
- Potential for strategic investors:

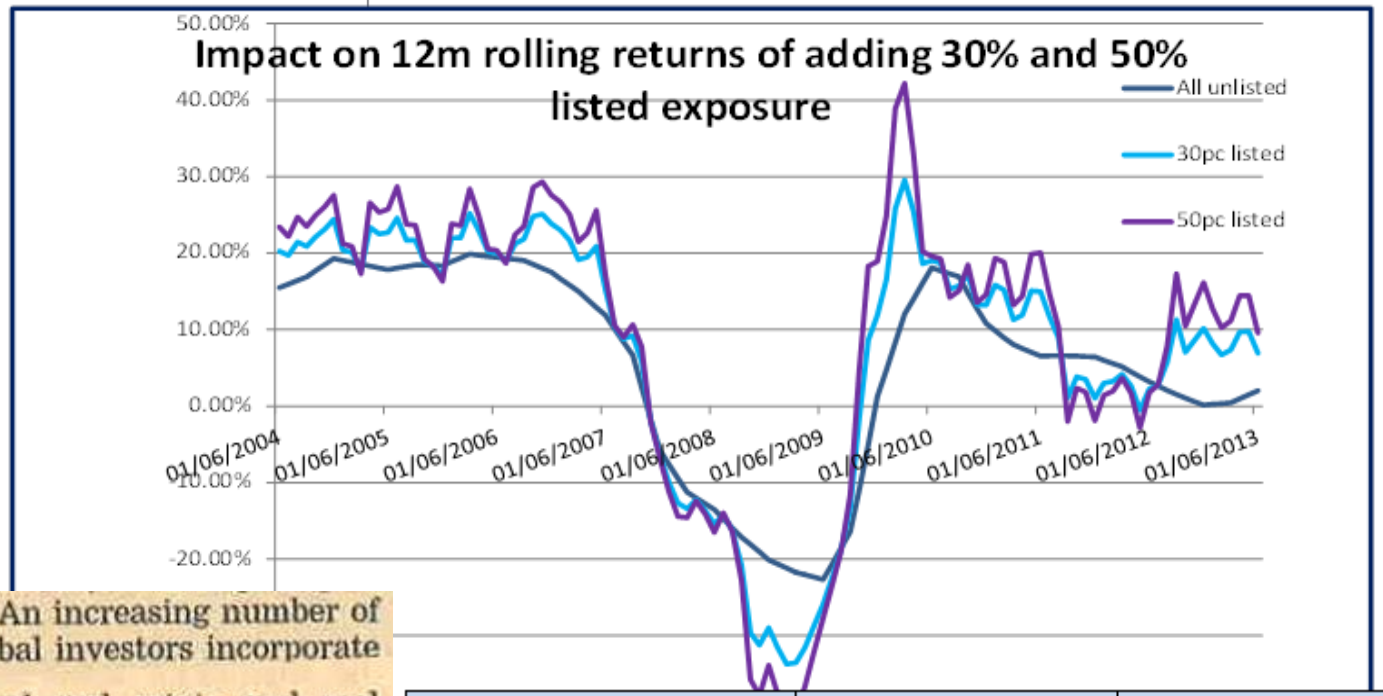
  Good diversification with allocation to listed real estate in the long run

Sources: IPD, Bloomberg, EPRA
Data as of: 31/12/2013

Research – Equities or Property?

- “Are REITs real estate?
- Examined whether listed real estate returns reflect direct property or general equities in:
    - US, UK and Australia
- Short term linked to stock market
- Mid/long term linked to direct real estate
- Opportunities to ‘blend’ real estate exposure

Research - Blended Allocations



"An increasing number of global investors incorporate listed real estate and real estate investment trusts into their total real estate allocation," Mr Hughes said. "This trend has really taken off since 2009."

Market type	Period	Return enhancement 30% listed %	Return enhancement 50% listed %
Rising property values	June 03-June 07	22.00	36.67
Global Financial Crisis	July 07 -June 09	-2.20	-3.87
QE Led recovery	August 09 - June 13	12.98	20.61

Summary

- Quality assets & management
- Strong total performance
- Attractive yields
- Diversification
  - regional, countries & sectors
- Liquidity
- Governance & transparency