

Assessing the REIT Phenomenon

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US REIT Market Development

1960

Congress created REITs, making investments in large-scale, income-producing real estate accessible to all investors via liquid securities

1960-1986

Industry dominated by Mortgage REITs due to restrictions on the separation of asset ownership and mgmt

1986

The Tax Reform Act allowed REITs to both own and manage their assets as a vertically integrated entity

Mid-1990

The UPREIT structure spurred a secular wave of Equity REIT IPOs

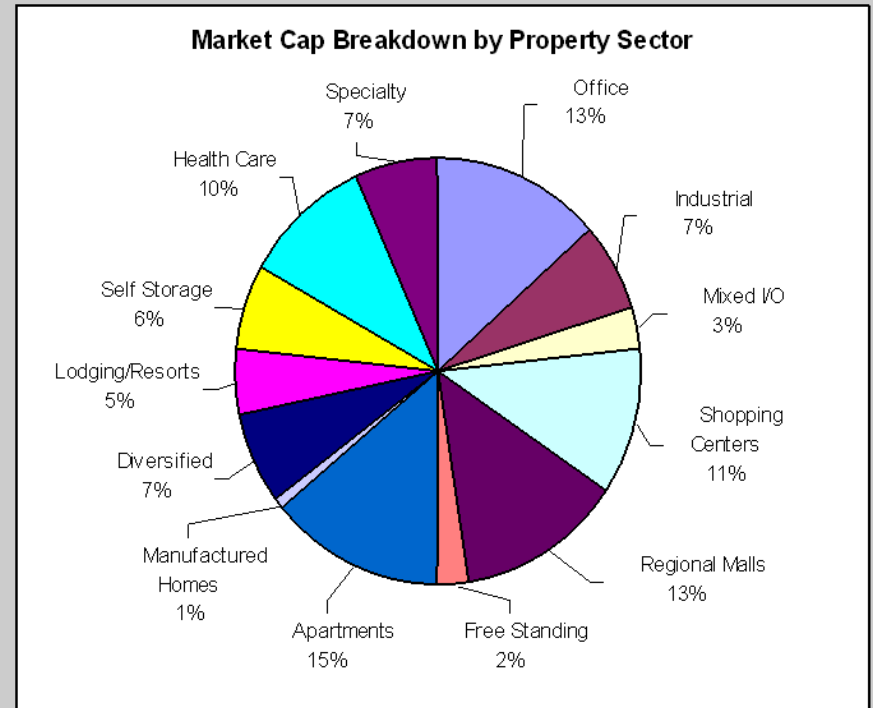
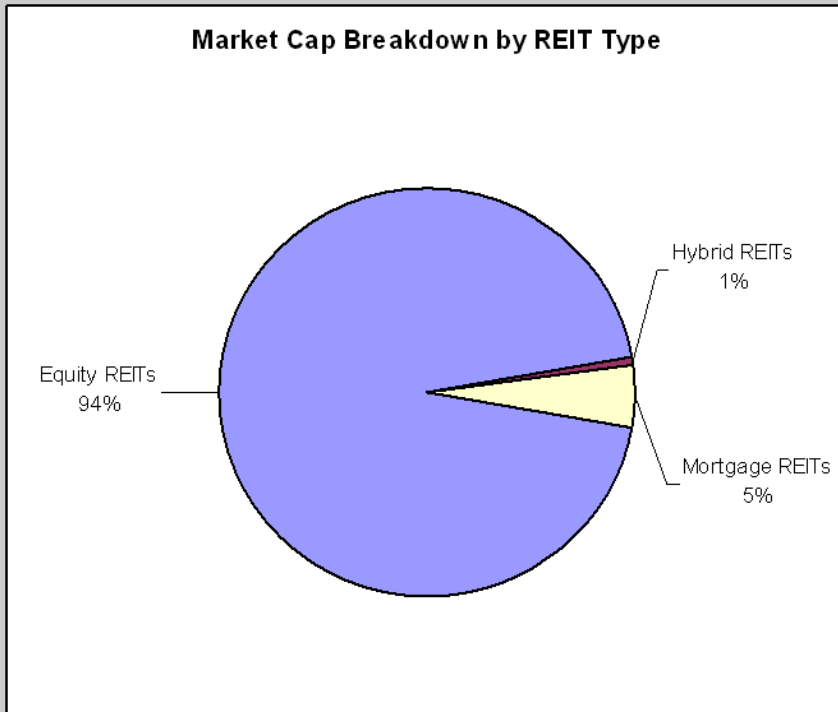
Now

Nearly 200 REITs are publicly traded covering all major geographic regions and property sectors

1960

2008

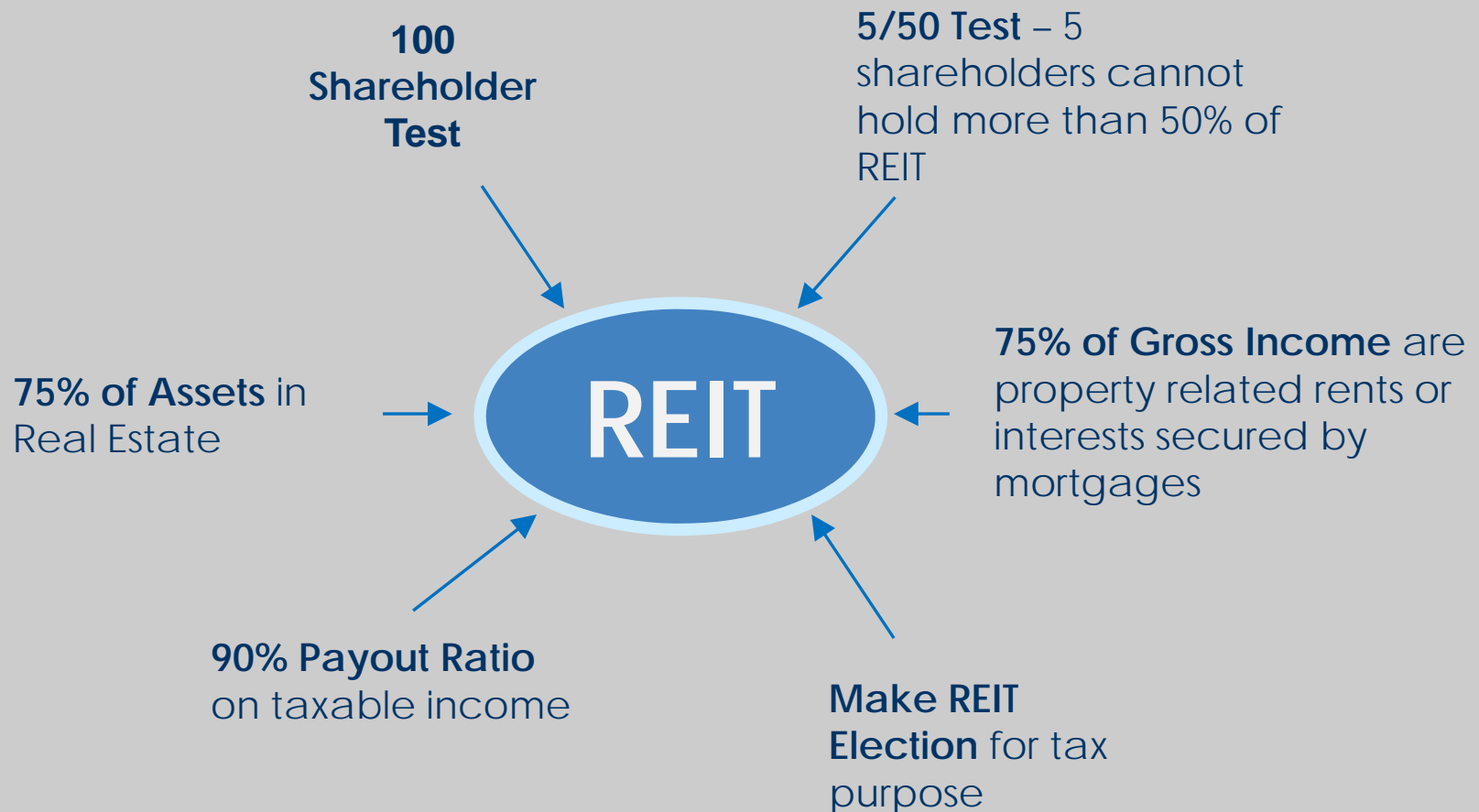
US REITs Breakdown



Source: NAREIT (index data as of Aug 31, 2008)

U.S. REIT Lesson #1:

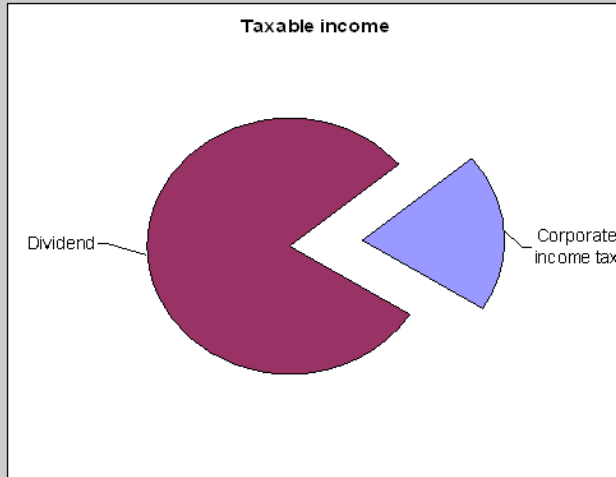
Investor Protection



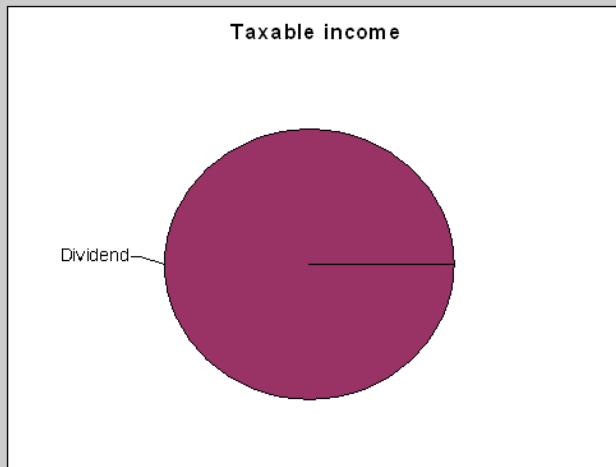
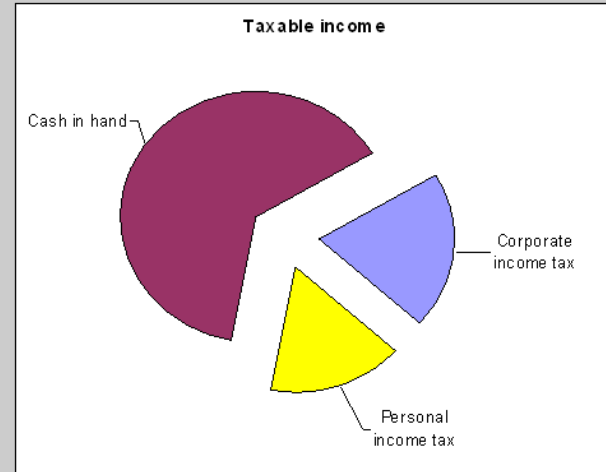
Source: NAREIT

U.S. REIT Lesson #2:

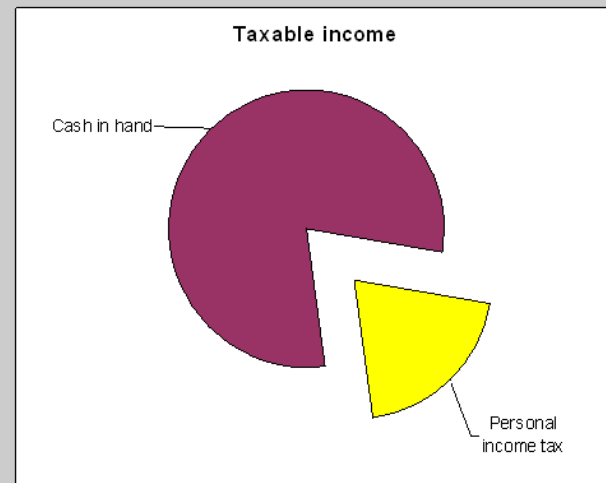
Attractive Structure



Corporation

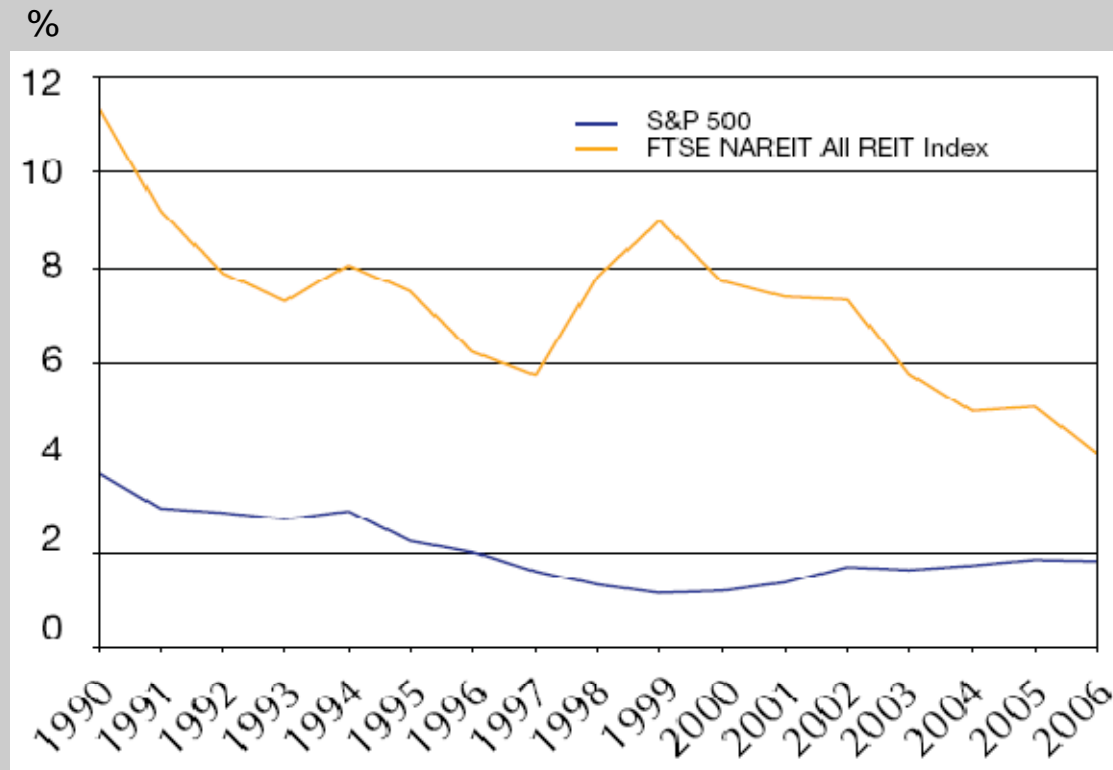


REIT



U.S. REIT Lesson #3: Distinguishing Factors

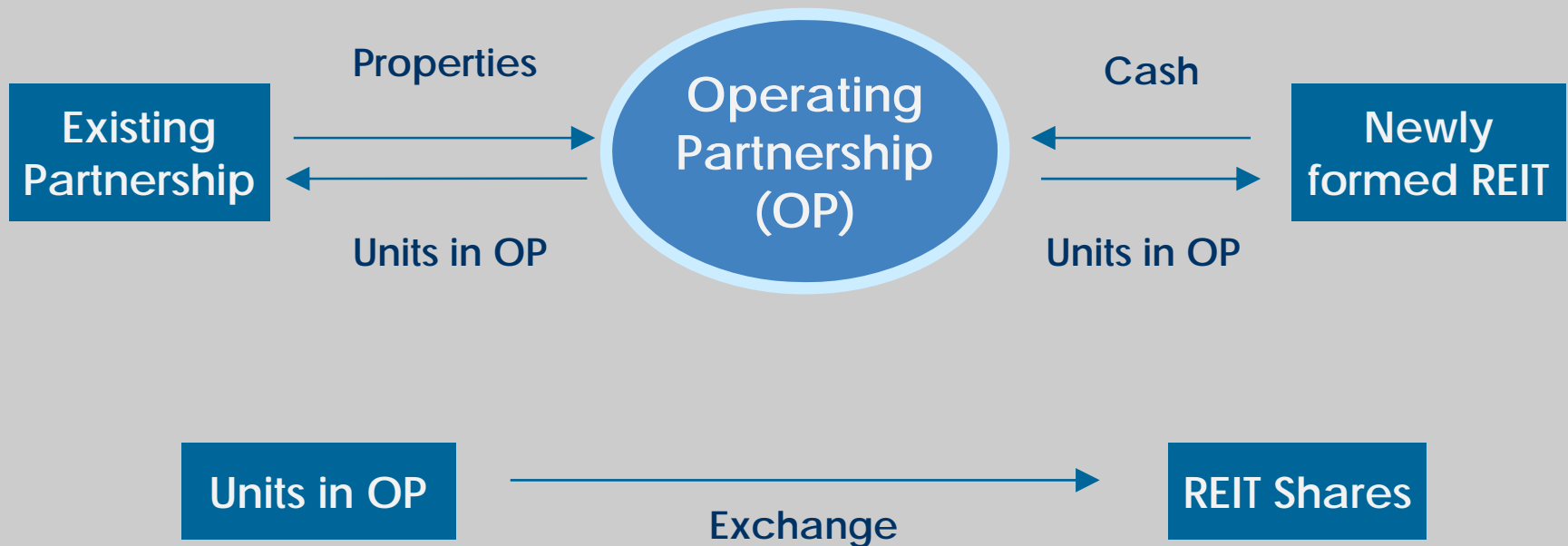
Dividend yield of REITs vs. S&P 500 (1990-2006)



Source: NAREIT

U.S. REIT Lesson #4: Assets Must Be Available

UPREIT Structure



Source: NAREIT

LPT Market Development

1971

The first Listed Property Trust – GPT was listed on the Australia Stock Exchange (ASX)

1990 – 1996

Collapse of the unlisted property trust market, the Superannuation Guarantee (Administration) Act 1992, and economic recovery prompted a flow of LPT listings

2000 – 2004

Amendment of Corporations Act to allow takeover bids for listed trusts, starting a wave of M&A activities

2005-2006

Growth in active income streams, overseas asset investments, rise of capital recycling model, and growth in wholesale funds

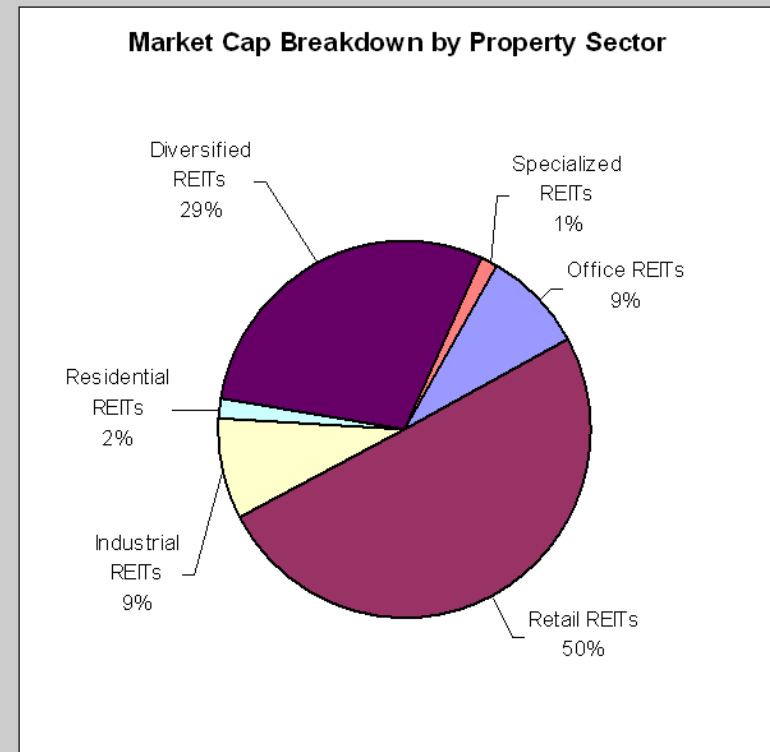
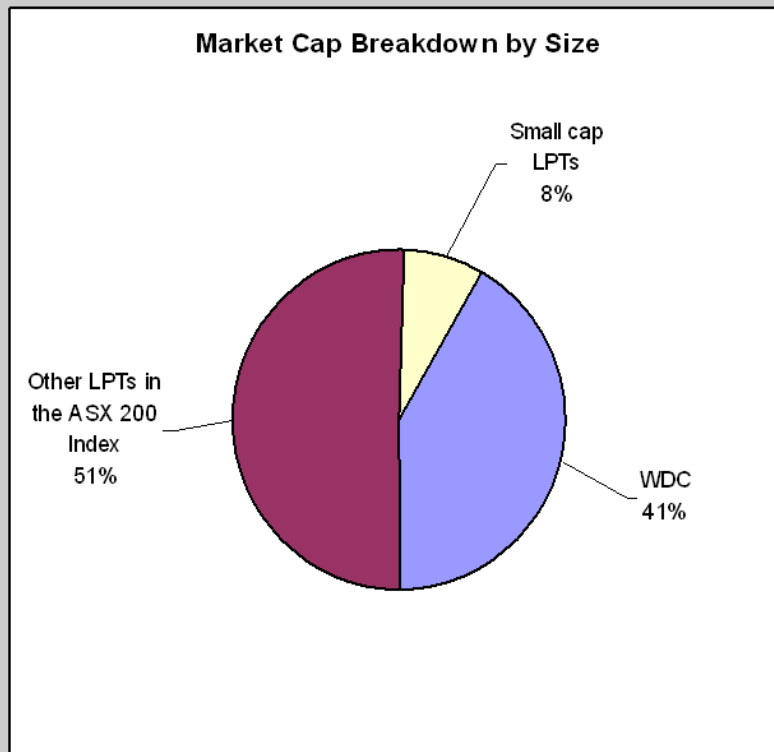
2007 – now

A number of LPTs over-extended themselves, resulting in financial difficulties as debt costs rise, dividend cuts, asset sales, etc. Share prices collapsed

1971

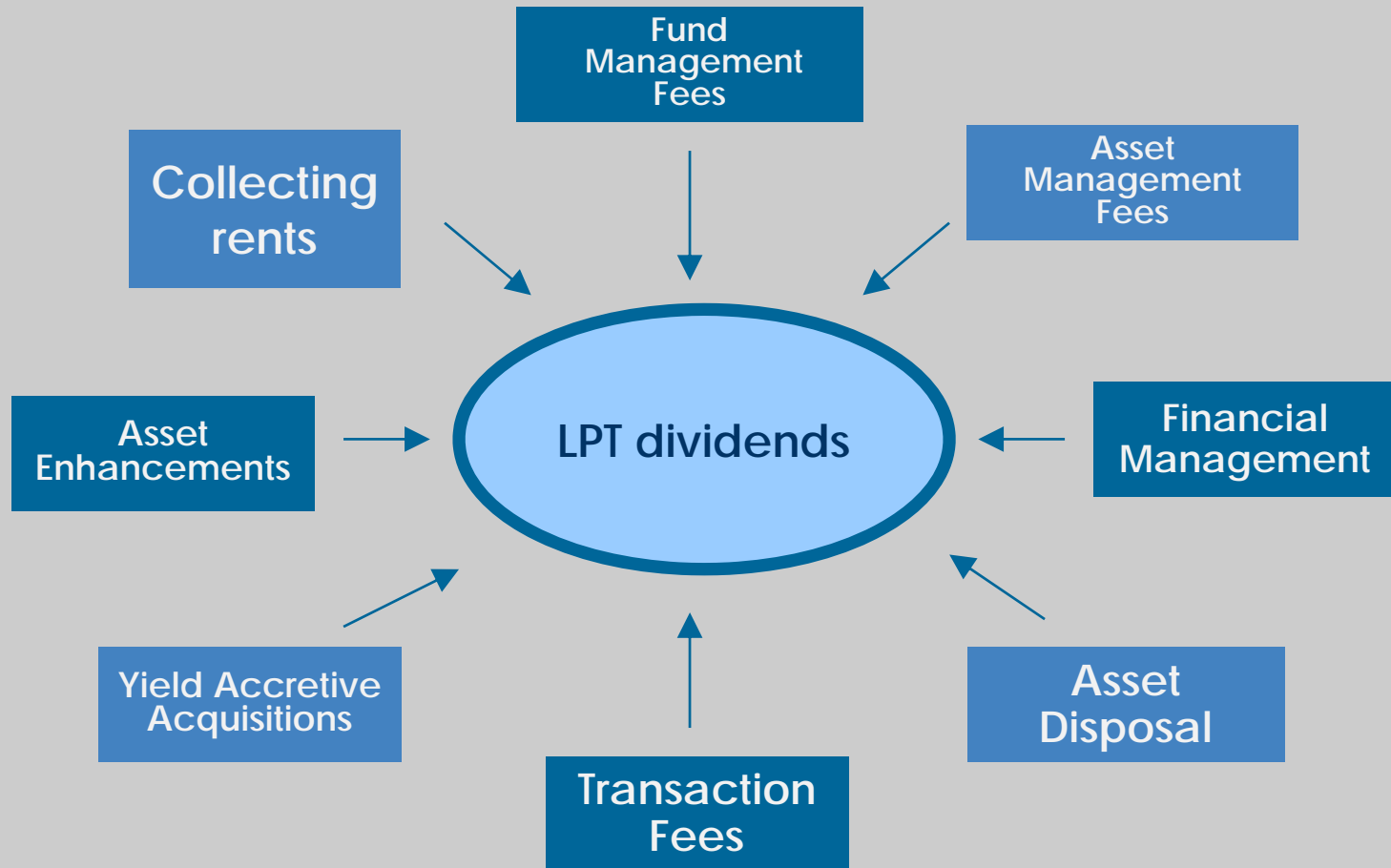
2008

LPT Breakdown



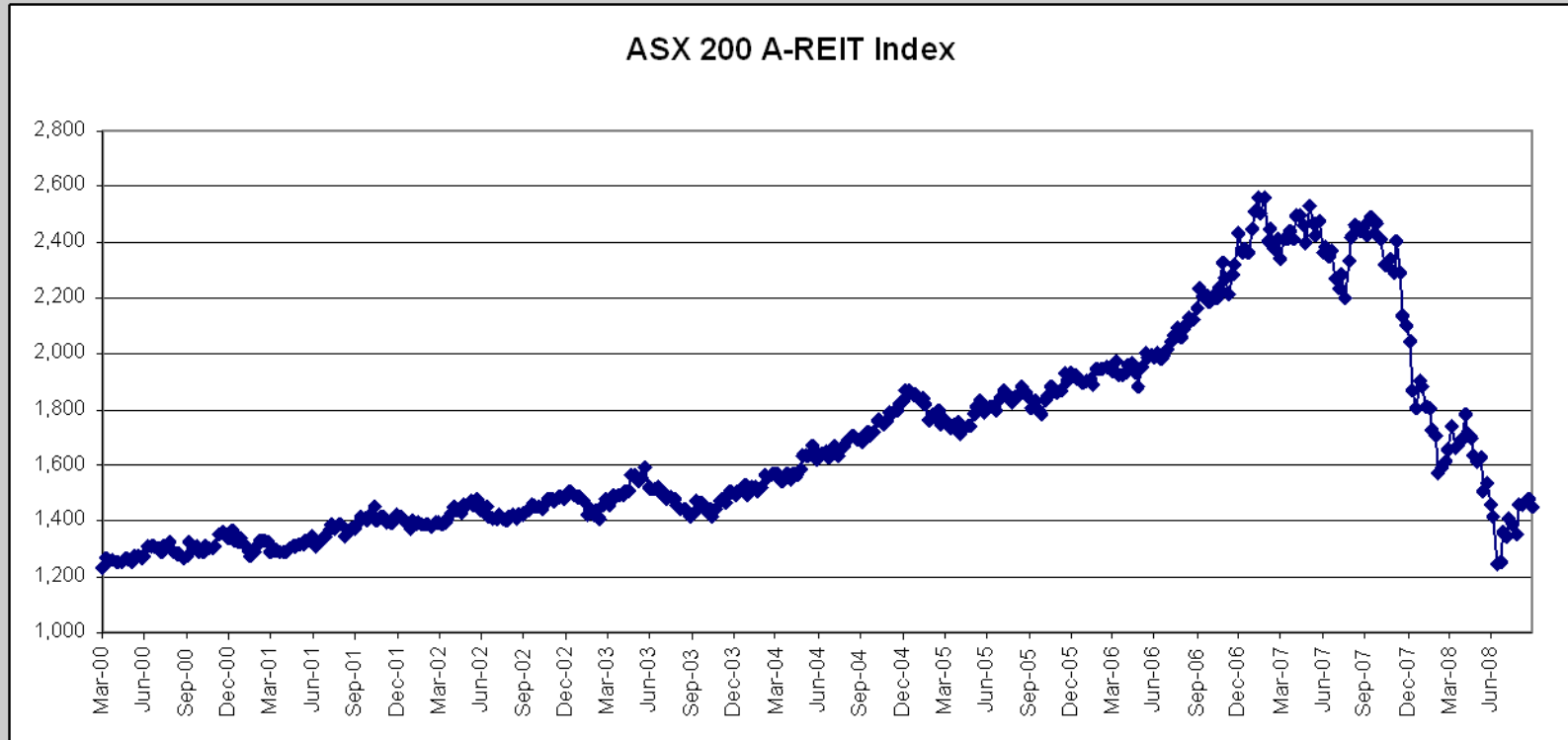
Source: Australia Stock Exchange, Bloomberg (data as of Sep 29, 2008)

LPT lesson #1: Growth and Complexity



LPT lesson #2:

Risk/Reward of Yield vs. Growth



Source: Bloomberg (AS51PROP Index, Mar00-Sep08)

JREIT Market Development

Nov 2000

Amendments made to the Investment Trust & Investment Corporation Law, allowing trusts to invest in real estate

Mar 2001

Tokyo Stock Exchange (TSE) established a listing system for REITs to be traded

Sept 2001

First two JREITs listed - NBF & JRE, sponsored by Mitsui Fudosan & Mitsubishi Estate

2001-Early 2007

JREIT market enjoyed fast growth in new IPOs, acquisition & share price performance

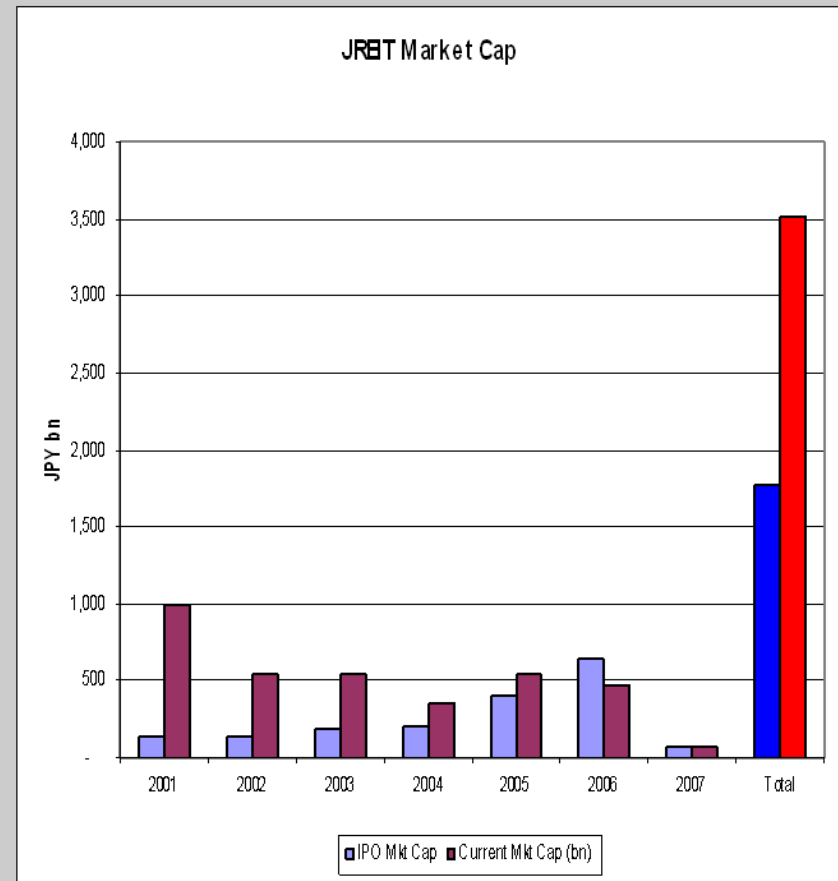
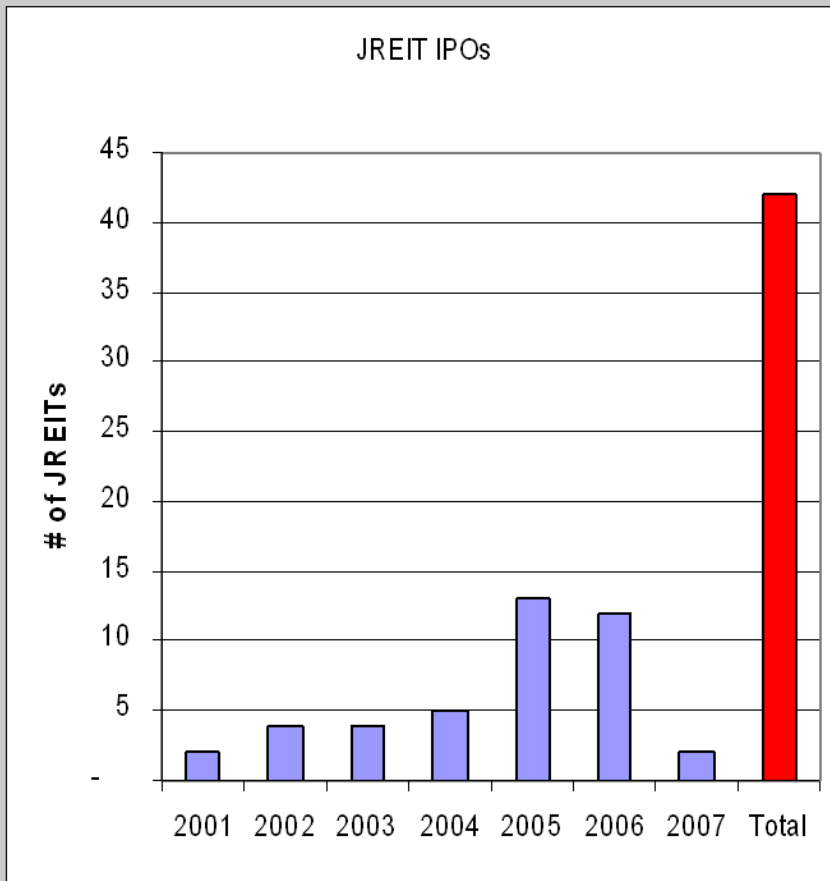
Late 2007 – Now

JREITs taking a breather amid general market weakness

2000

2008

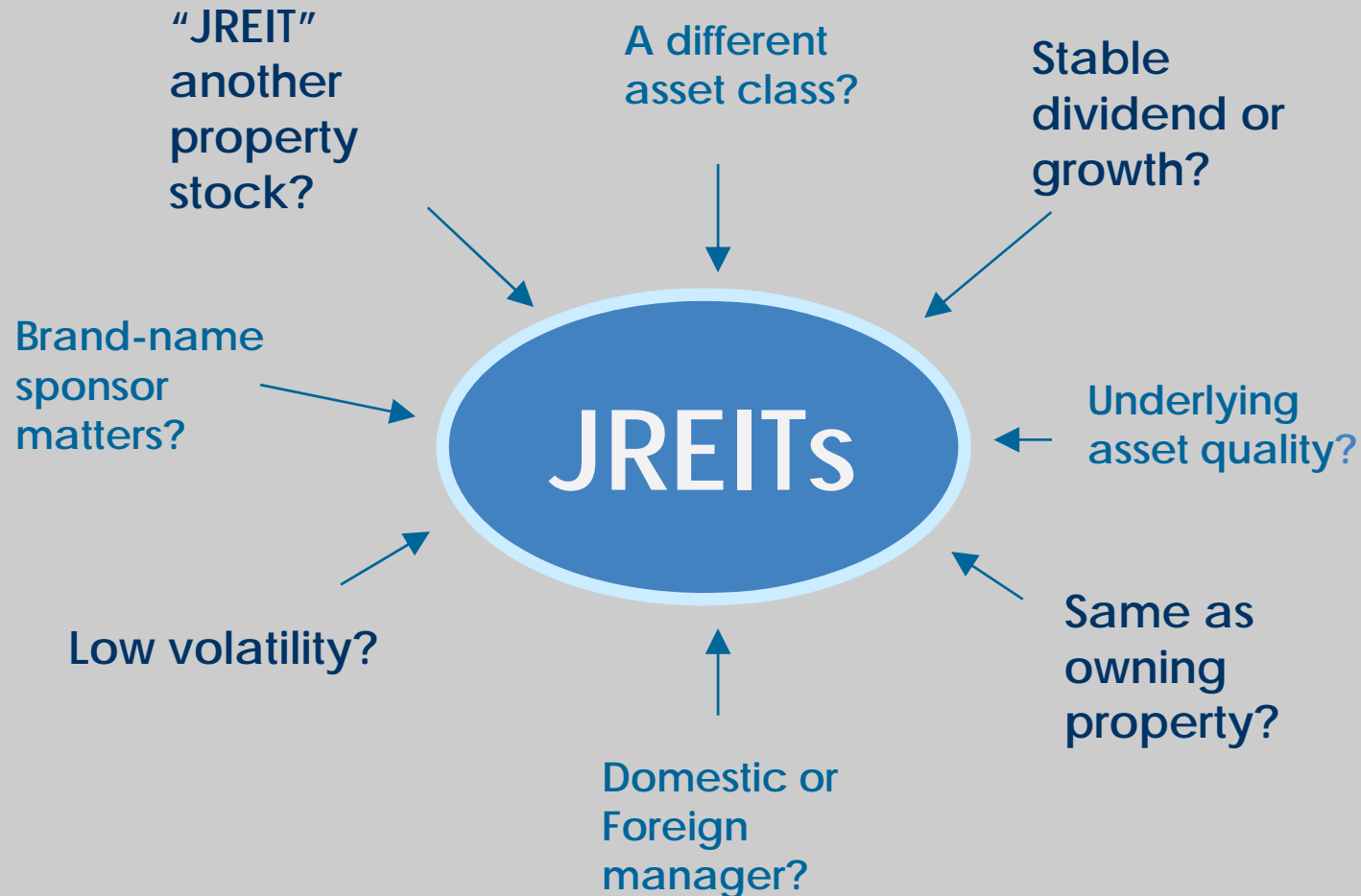
JREIT IPOs and Market Cap



Source: Tokyo Stock Exchange, Bloomberg (data as of Sep 29, 2008)

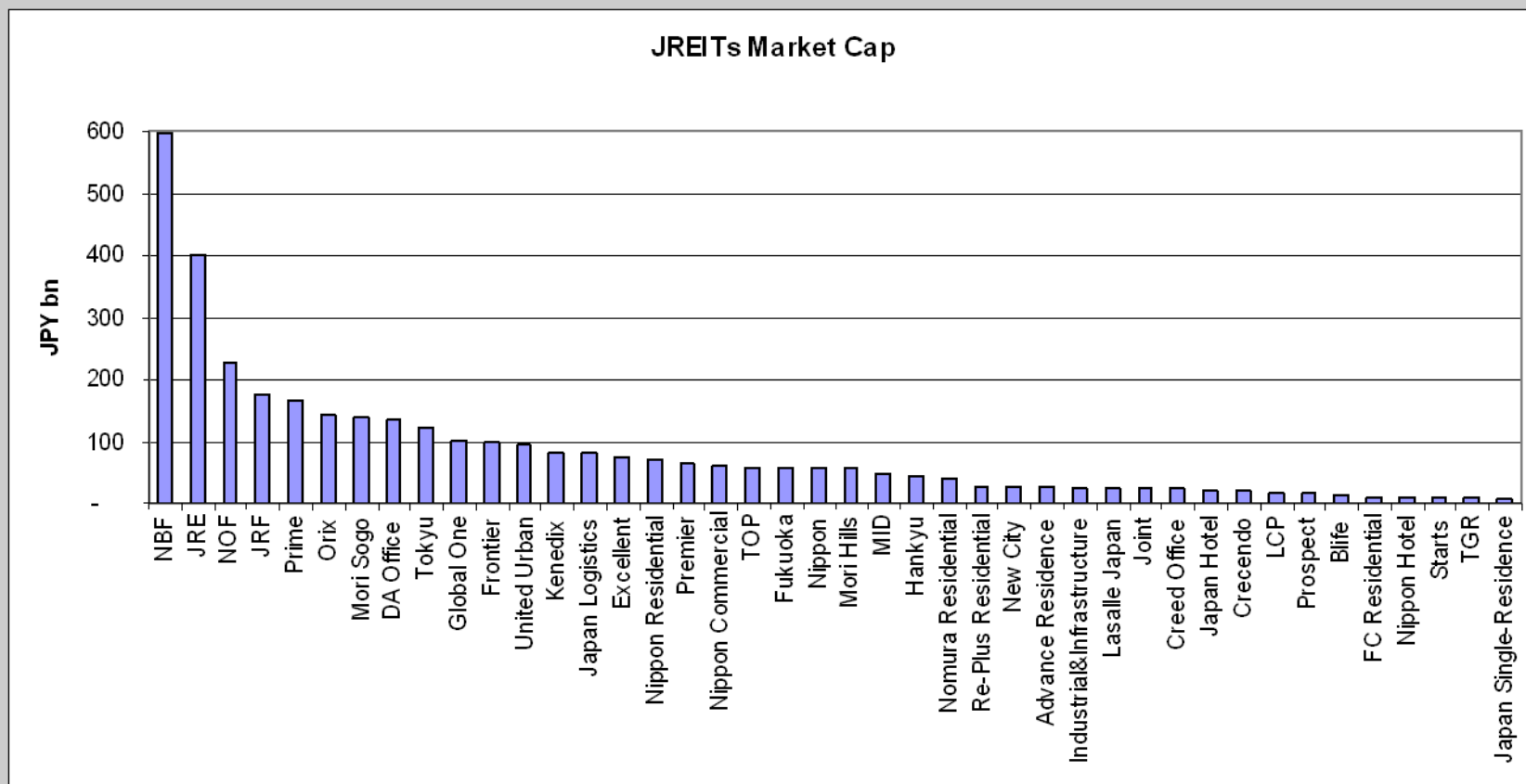
JREIT lesson #1:

Investor Education



JREIT lesson #2:

Not All REITs are Created Equal



Source: Tokyo Stock Exchange, Bloomberg (data as of Sep 29, 2008)

SREIT Market Development

July 2002

Monetary Authority of Singapore (MAS) issued the first edition of Property Fund Guidelines

July 2002

First SREIT, CapitaMall Trust, listed on the Singapore Exchange (SGX)

Nov 2005

Amendments made to the Property Fund Guidelines relating to gearing, overseas investments, developments, etc.

Mar 2006

Successful listing of Allco REIT started a wave of cross-border REIT listings in Singapore

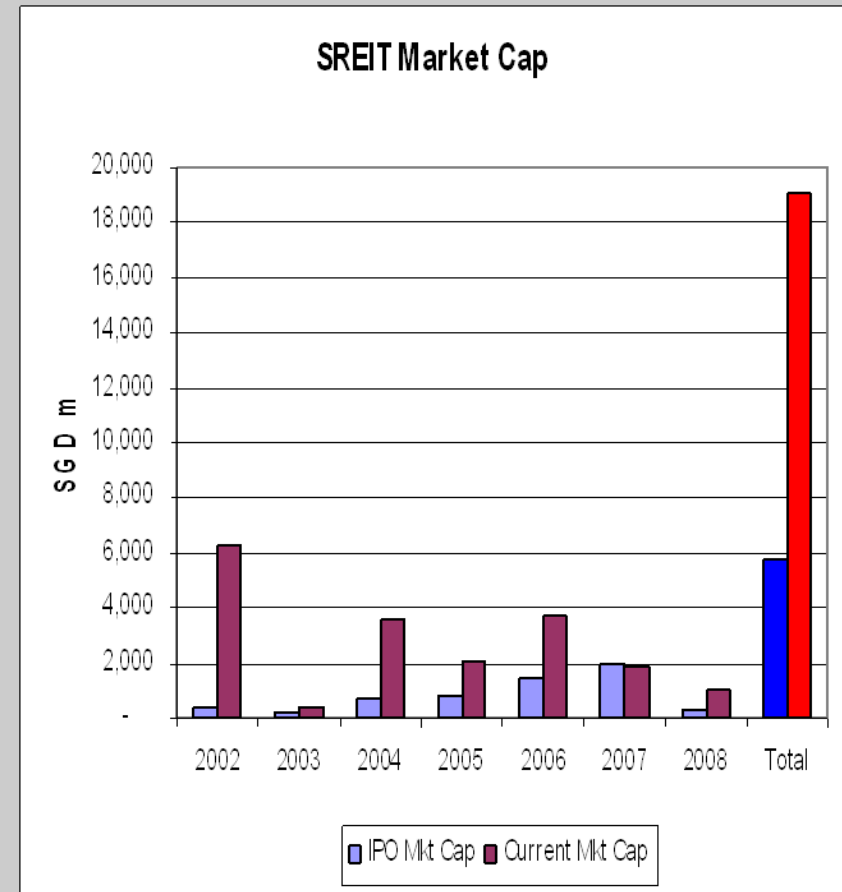
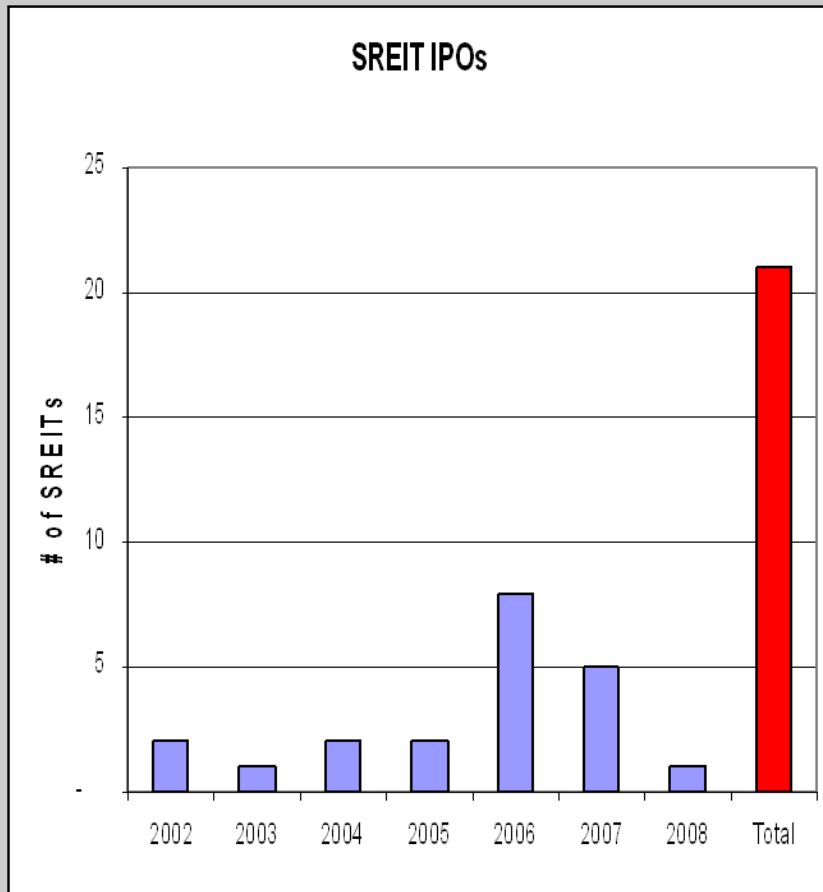
2008

Favourable REIT legislations, efficient listing process, good SREIT track record made Singapore one of the most successful REIT markets in Asia

2002

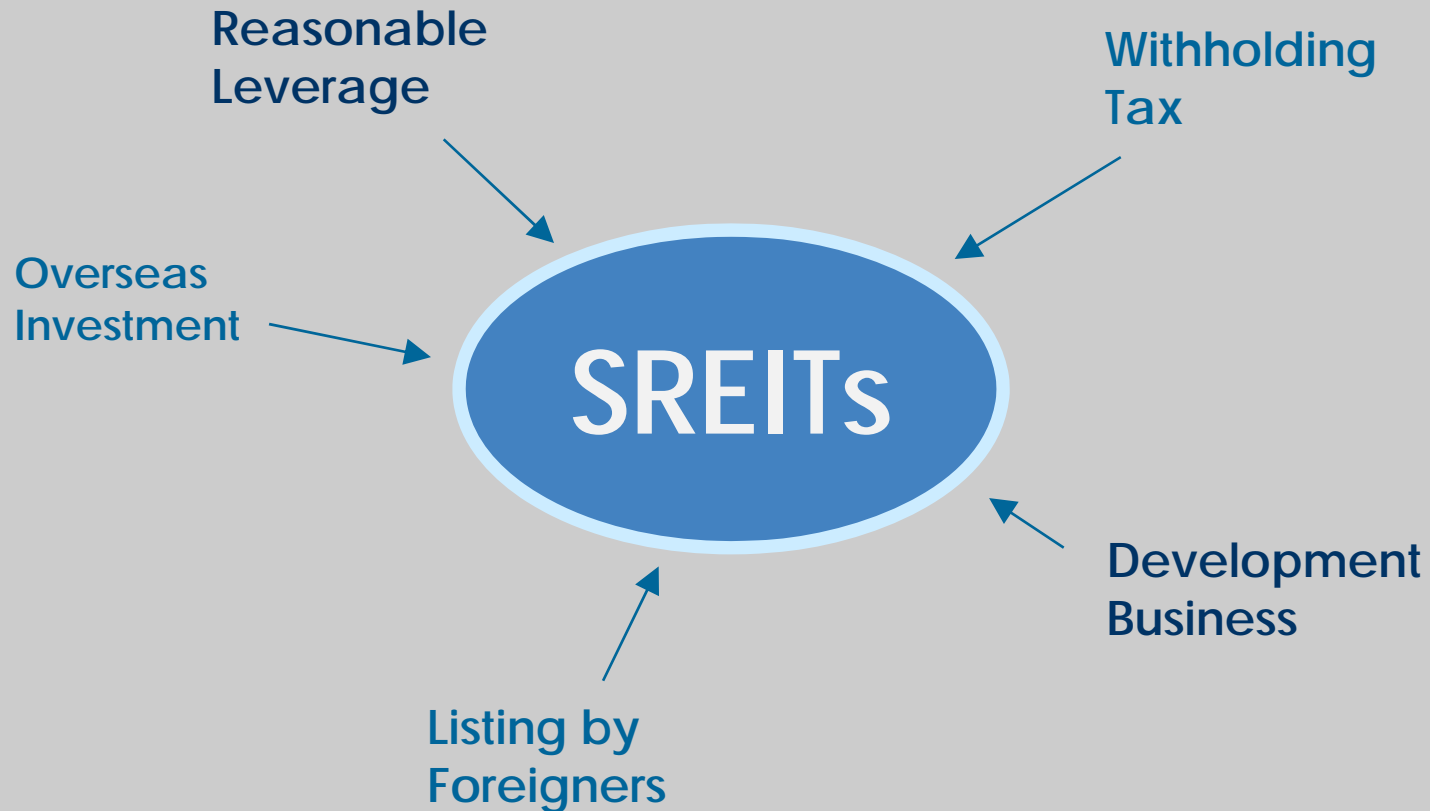
2008

SREIT IPOs and Market Cap



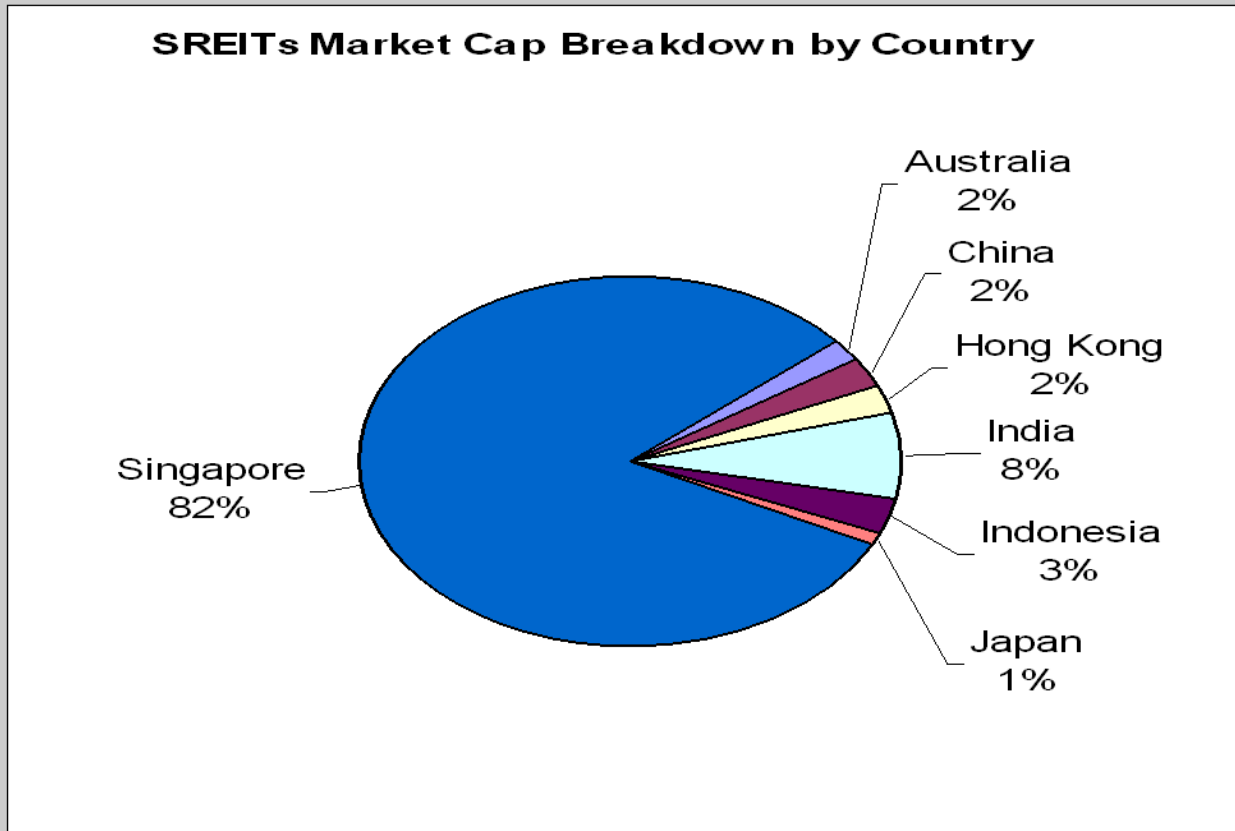
Source: Singapore Exchange, Bloomberg (data as of Sep 29, 2008)

SREIT Lesson #1: Strong Government Support



SREIT Lesson #2:

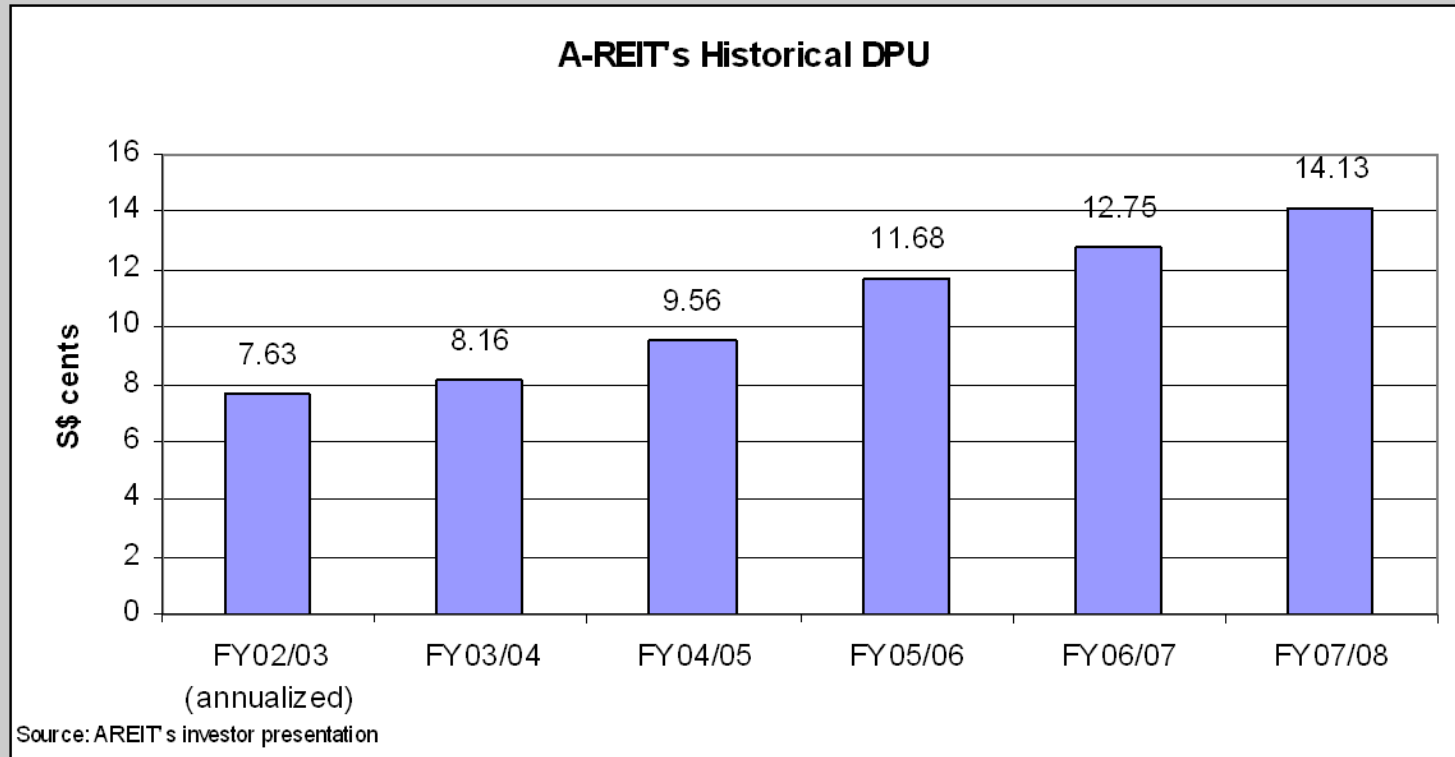
Regionally Minded



Source: Singapore Exchange, Bloomberg (data as of Sep 29, 2008)

SREIT Lesson #3:

Early Success/ Good Track Record



Source: AREIT Investor Presentation, April 2008

HK REIT Market Development

**August
2003**

Hong Kong Securities and Futures Commission (SFC) issued the Code on Real Estate Investment Trusts

Dec 2004

First HK REIT IPO, the Link REIT, received enthusiastic investor response, but the deal was pulled due to legal issues

June 2005

Amendments made to the Code on Real Estate Investment Trust relating to gearing, overseas investments, etc.

Nov 2005

Successful listing of the Link REIT kicked off the HK REIT market

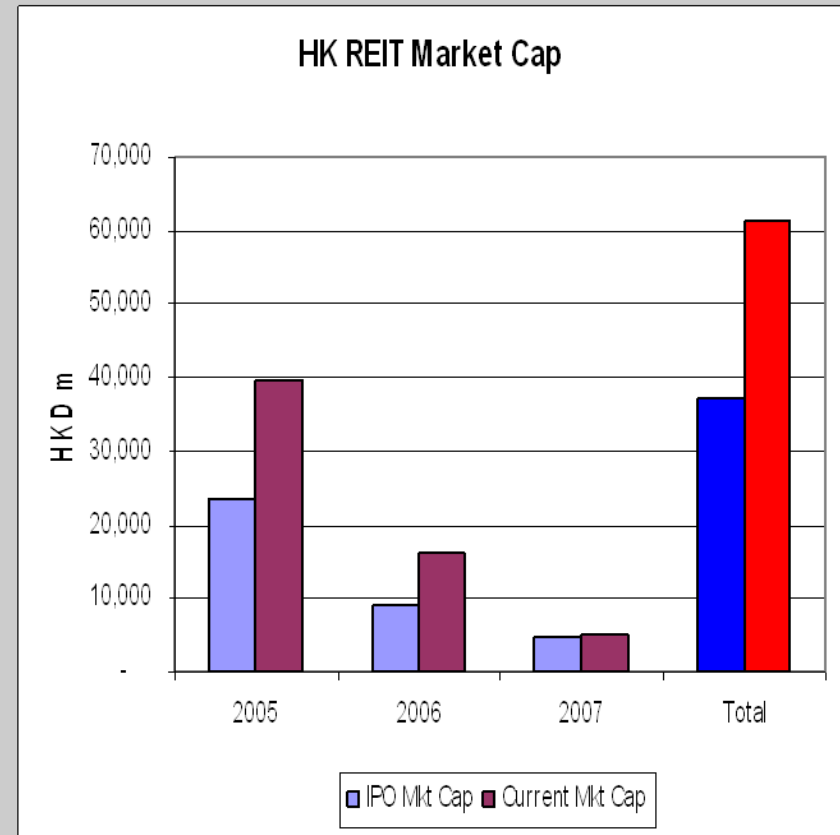
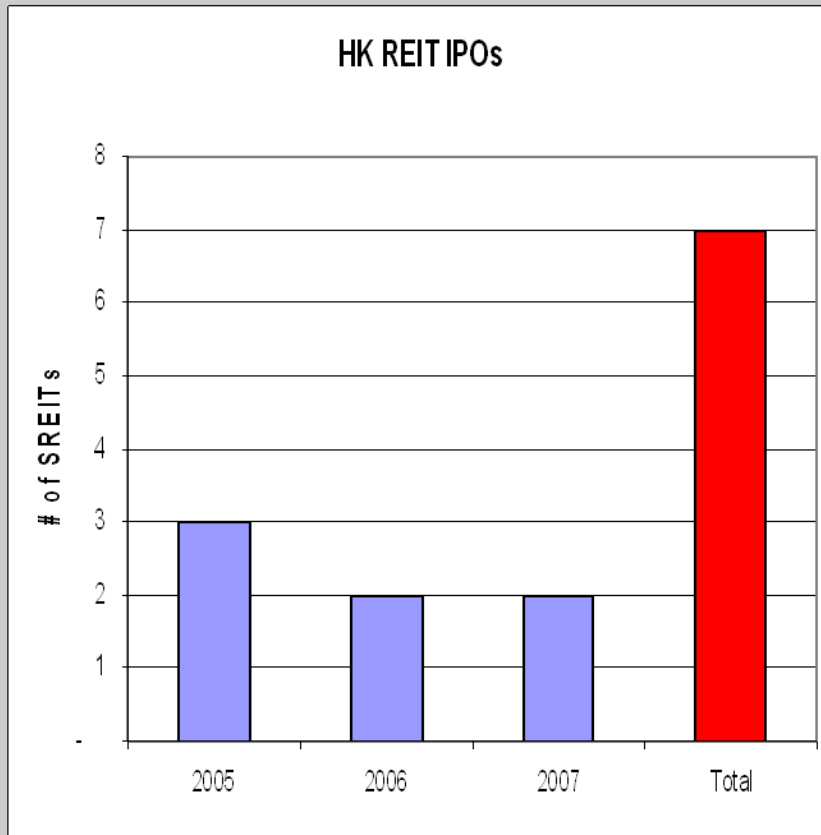
2008

Financial engineering and lacklustre REIT performance undermined REIT market potential

2003

2008

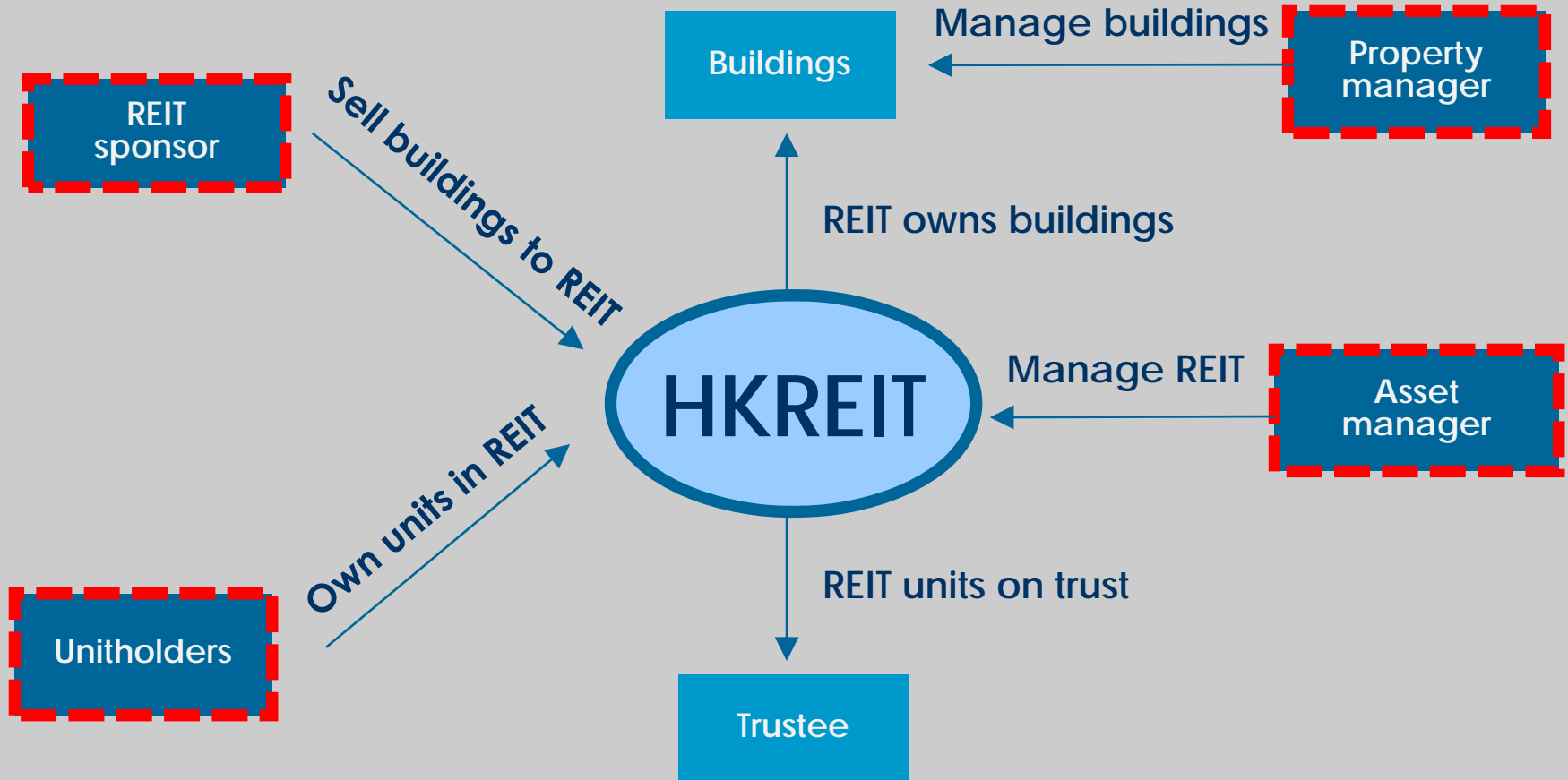
HK REIT IPOs and Market Cap



Source: Hong Kong Exchange, Bloomberg (data as of Sep 29, 2008)

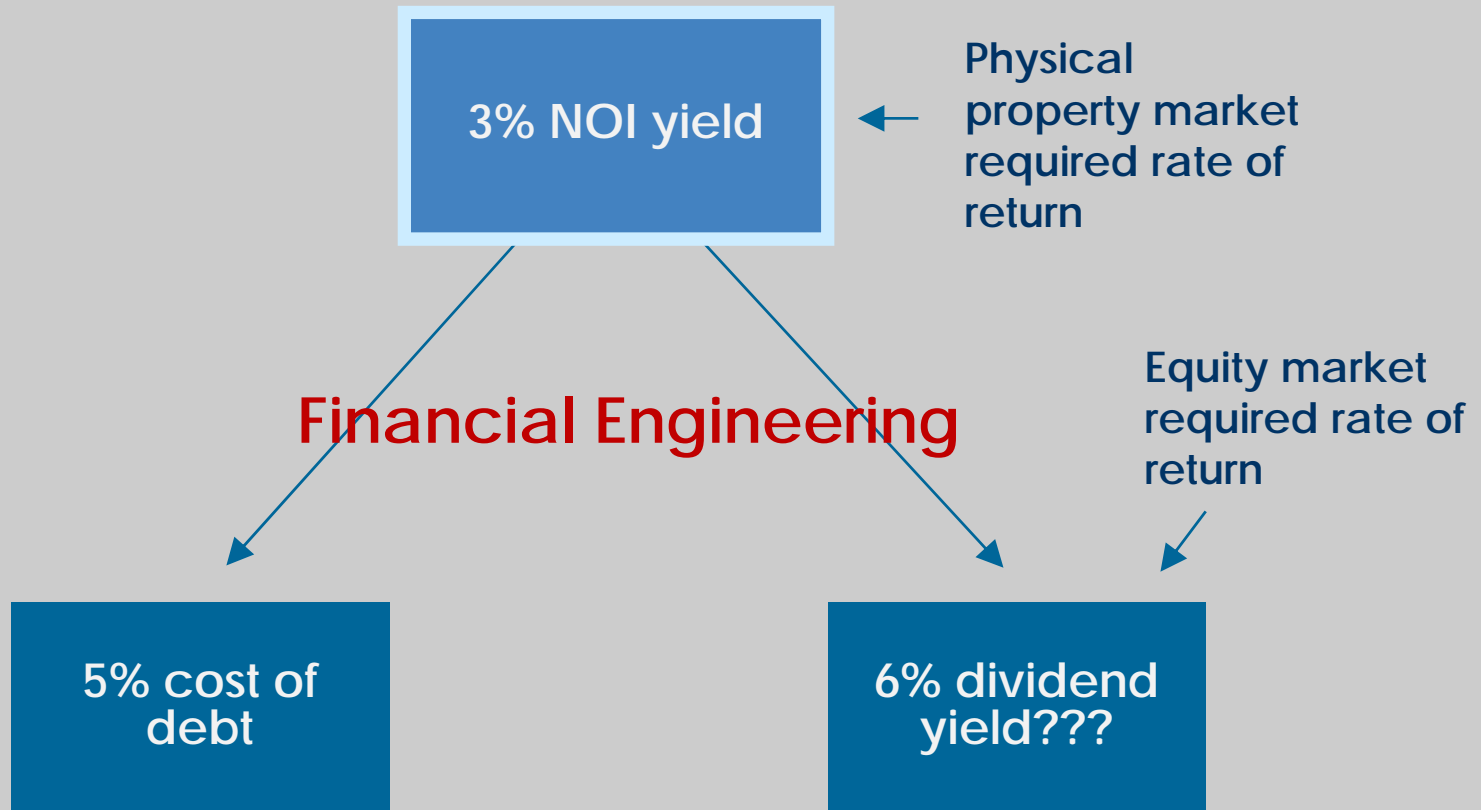
HK REIT lesson #1:

Perceived Conflict of Interest



HK REIT lesson #2:

Property YLD vs. Dividend YLD



Other Asian REIT Markets

Country	REIT legislation	# of Listed REITs
Thailand	2003	20
Malaysia	2005	13
South Korea	2001	6
Taiwan	2003	8

Source: Bloomberg (data as of Sep 29, 2008)

Summary

- Supportive government and up-to-date legislations
- Investor protection and investor education
- Attractive REIT structure
- Asset class differentiation
- Availability of underlying assets
- Track record
- Local characteristics

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