



GLOBAL INVESTMENT MANDATES

A review of trends influencing the future direction of investment markets and predictions for their impact in the Asian region



APREA PROPERTY LEADERS FORUM 08

ASIAN PUBLIC REAL ESTATE ASSOCIATION
GRAND HYATT SEOUL, SOUTH KOREA, 1 - 3 APRIL, 2008

Your Panel

PANELISTS



Kim Wright
Managing Director
Global Real Estate Strategist



Geoffrey Dohrmann
President and CEO



Ritson Ferguson
CIO & Managing Director



Merrit Maddux
Managing Director



MODERATOR



Jean-Guy Talbot
President





Asia-Pacific Market Overview

The Universe vs. the FTSE EPRA/NAREIT Index

	Real Estate (\$B)	Total Listed RE (\$B)	Total RE vs. Listed RE (%)	# Companies in Broad Universe	# Companies in Index
Hong Kong / China	506	199	39.3%	216	21
Japan	1,996	184	9.2%	173	23
Australia	321	139	43.3%	114	23
Singapore	107	51	47.7%	62	12
India	121	10	8.3%	33	-
Taiwan	139	5	3.6%	49	-
Philippines	18	5	27.8%	35	-
Thailand	43	4	9.3%	45	-
New Zealand	50	3	6.0%	12	1
South Korea	332	1	0.3%	11	-

Asia-Pacific	3,735	602	16.1%	883	80
Americas	6,771	426	6.3%	409	118
Europe	6,697	284	4.2%	600	97
Total	17,203	1,312	7.6%	2,092	295

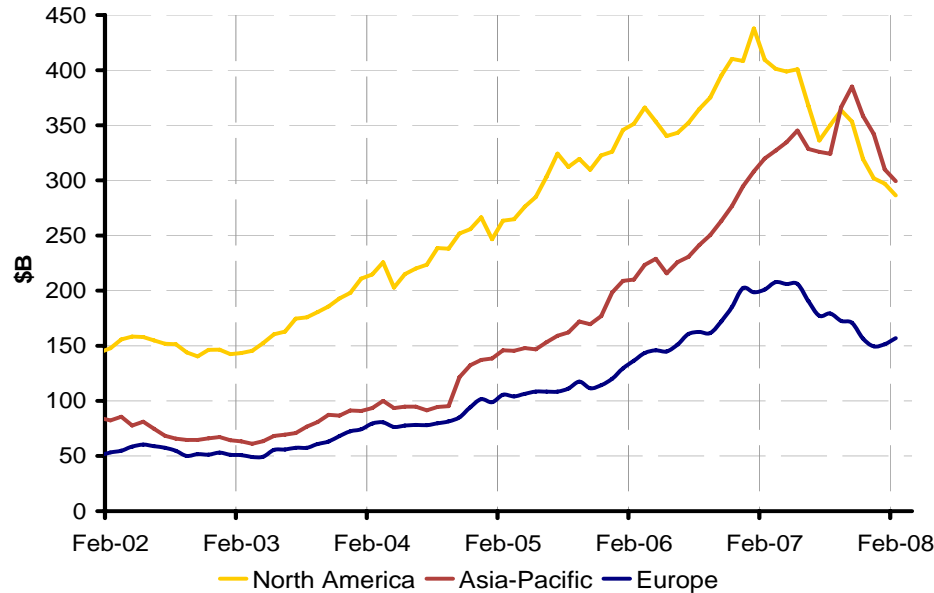
- *The Asia-Pacific markets remain highly concentrated in 4 countries*
- *Real estate in Australia and Singapore is highly securitized*
- *9 Asian, 9 European, and 17 U.S. securities represent ± 50% of the Index capitalization*
- *The number of constituents in the Index represents 14% of the broad Universe according to AME Capital*







Asia-Pacific Market Overview

Can Asia-Pacific regain its momentum?

MARKET CAPITALIZATION TRENDS (IN USD)



PAST RETURNS (IN USD)

	Hong Kong 	Singapore 	Australia 	Japan 
2008	-15.5%	-5.3%	-13.1%	-8.4%
2007	58.5%	15.2%	2.9%	-6.4%
2006	38.8%	77.5%	43.1%	24.6%
2005	10.2%	31.8%	8.0%	53.2%
2004	35.1%	37.7%	39.8%	37.2%

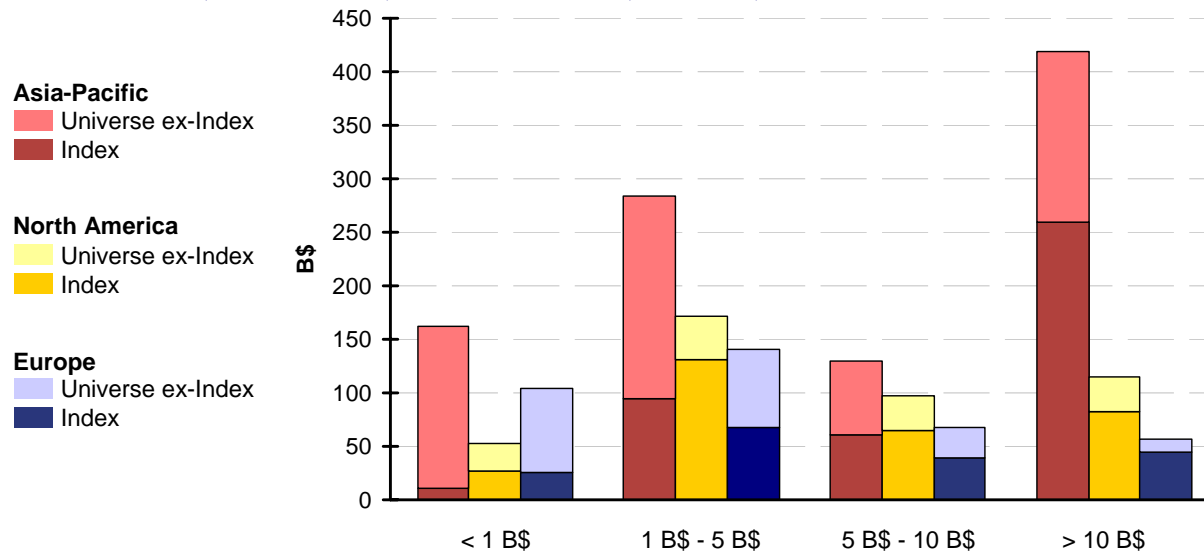
- *Significant IPO activity in Asia-Pacific between '03 and '07*
- *Several public to private transactions in North America since mid-'06*
- *Superior returns in most Asia-Pacific countries until the end of '07*
- *Negative returns in '07 for Europe and North America*
- *Significant drop in Asia-Pacific values since the beginning of '08*



Asia-Pacific Market Overview

Significant opportunities exist outside of the Index

DISTRIBUTION OF THE MARKET CAPITALIZATION OF THE FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX AND THE BROAD UNIVERSE (EX-INDEX) BY REGION (IN USD)



	< 1 B\$	1 B\$ - 5 B\$	5 B\$ - 10 B\$	> 10 B\$	Total
Universe	1,707	303	49	33	2,092
FTSE EPRA/NAREIT Global Real Estate Index	112	137	24	22	295
North America	43	60	9	6	118
Europe	53	35	6	3	97
Asia-Pacific	16	42	9	13	80

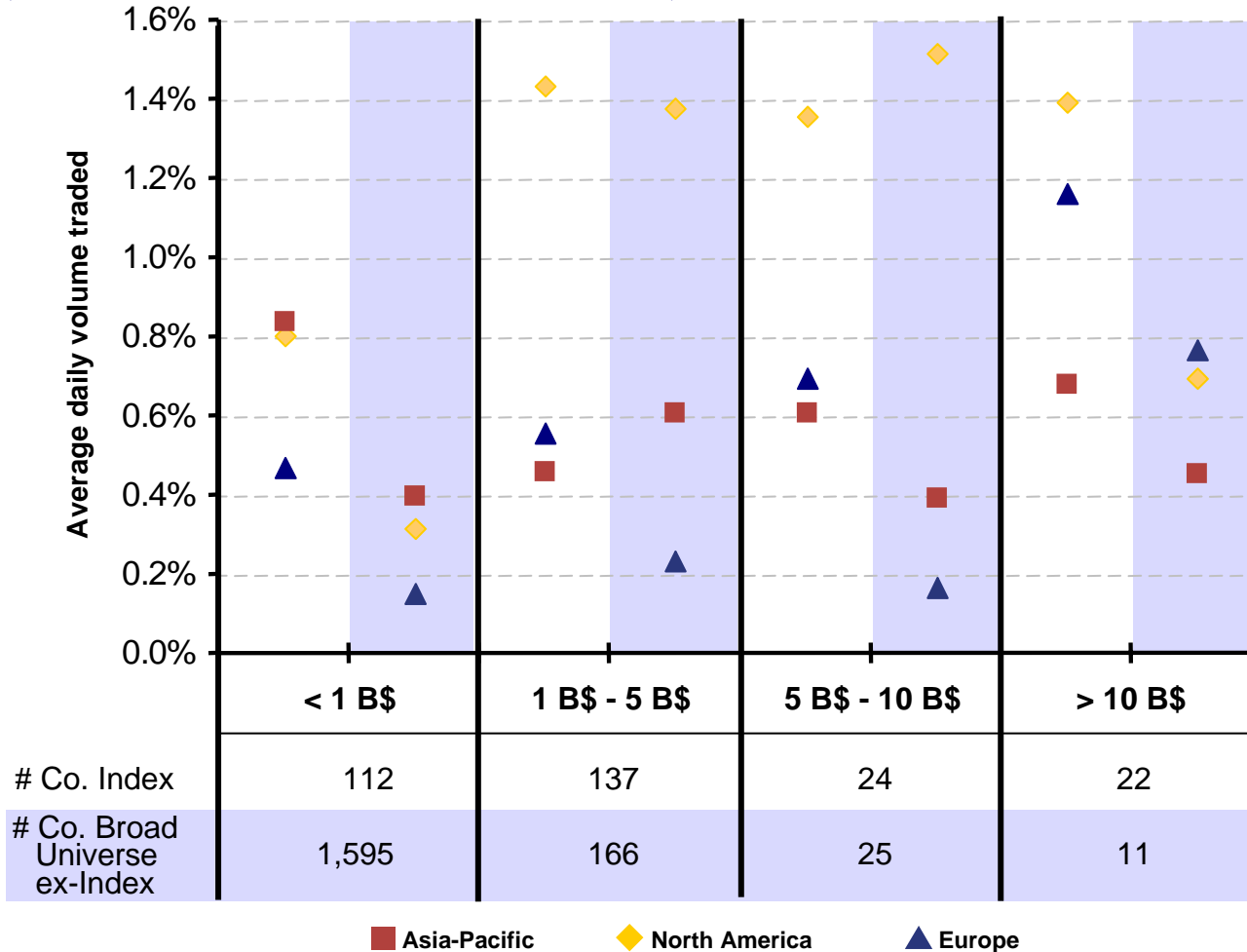
- *42% of the companies in the broad Universe are located in Asia-Pacific; this ratio is 27% for the Index*
- *Asia-Pacific offers significant investment opportunities outside of the Index*
- *60% of large-cap companies in the Index are based in Asia-Pacific*
- *There are more than 1,700 small-cap companies in the Universe – only 7% of these are in the Index*



Asia-Pacific Market Overview

Liquidity is not an issue

LIQUIDITY OF LISTED REAL ESTATE BY REGION
(INDEX & BROAD UNIVERSE EX-INDEX)



- *Liquidity in Asia-Pacific is relatively similar in or outside of the Index*
- *Liquidity of securities outside of the Index is lower in Europe*
- *North America is generally the most liquid region*



Real Estate Investment Models





Vehicle selection depends on key objectives

Vehicle	Direct	Indirect (REIT funds)
+	<ul style="list-style-type: none"> ● Concentration and specialization ● Better access to emerging countries ● Lower volatility and flexibility of structures ● Closer to operations 	<ul style="list-style-type: none"> ● Diversification and liquidity ● Easier to benchmark ● Access to professionally-managed, investment-grade real estate
-	<ul style="list-style-type: none"> ● Lack of diversification and lower liquidity ● Lower transparency, higher political risk ● Higher transaction fees ● Daily management needed ● Infrequent assessment of values 	<ul style="list-style-type: none"> ● More subject to market sentiment ● Liquidity constraints on several securities ● # of companies active in other industries ● Low dividend yield in Asia ● Access to information
REIT Managers	One Location	Regional Representation
+	<ul style="list-style-type: none"> ● Consensual approach in decision-making ● Regional rebalancing is easier 	<ul style="list-style-type: none"> ● Closer to local markets - can act quickly ● Dealing on a live basis with markets
-	<ul style="list-style-type: none"> ● Less appropriate for tactical trading ● Lag-time in obtaining information 	<ul style="list-style-type: none"> ● Portfolio managers sometimes multi-class ● Less efficient communication amongst portfolio managers



Investor Standpoint and Asset Allocation

Statistics show country & regional disparities

	Total Return 2008 (YTD)	Total Return 2007	Standard Deviation	Beta	Dividend Yield
Australia 	-13.1%	2.9%	17.4%	94%	7.5%
Japan 	-8.4%	-6.4%	24.3%	113%	1.6%
Hong Kong 	-15.5%	58.5%	19.5%	75%	1.8%
Singapore 	-5.3%	15.2%	23.6%	120%	3.0%
ASIA-PACIFIC	-12.2%	14.8%	15.5%	97%	3.4%
NORTH AMERICA	-4.6%	-14.9%	15.9%	110%	5.2%
EUROPE	5.3%	-24.5%	14.7%	81%	3.7%
GLOBAL	-6.0%	-7.0%	13.2%	100%	4.2%

- Asia-Pacific was more resilient to the financial crisis up until the end of '07

- Australia enjoys the highest dividend yield within the Asia-Pacific region

- Hong Kong outperformed other Asian and world markets during '07

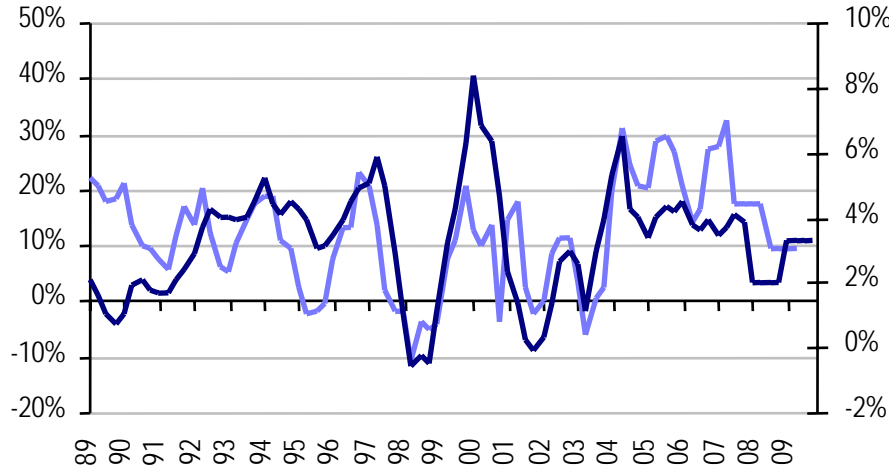


Investing in Asia-Pacific Markets

Implications of a slowing GDP growth

POTENTIAL FOR DOWNWARD EARNINGS REVISIONS IN '08

— Global
— Global GDP Growth (RHS, %YoY)

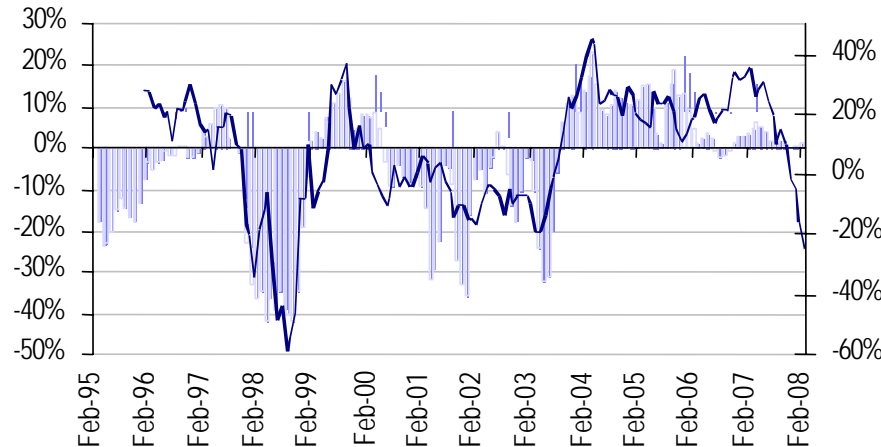


GDP growth and earnings

There is a strong relationship between GDP growth and earnings, but with a lag of 3 months for the Asian markets of HK & Singapore, and 6-9 months for the other regions.

THE GOOD NEWS: THE MARKET IS ALREADY PRICING IN EARNINGS DOWNGRADES

— Global RE 3m Up-Down %Est
— Global RE Price movements (12M)



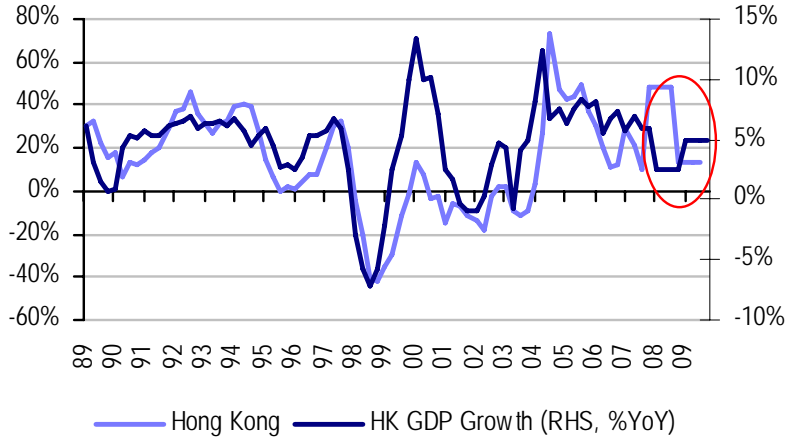
The bad news: there could be a downside risk to '08 earnings estimates.



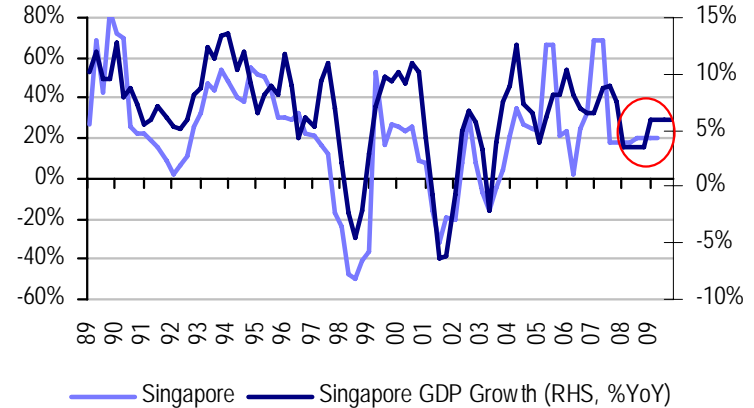
Investing in Asia-Pacific Markets

Case study: Hong Kong and Singapore

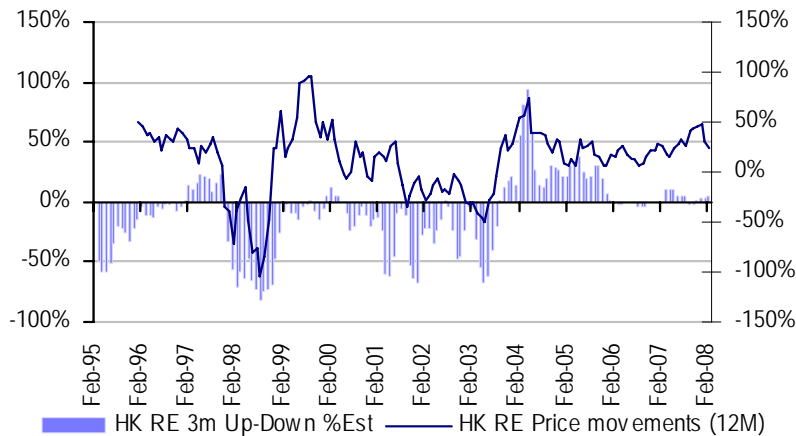
HK – SOME RISKS TO '08 ESTIMATES, BASED ON MACRO OUTLOOK



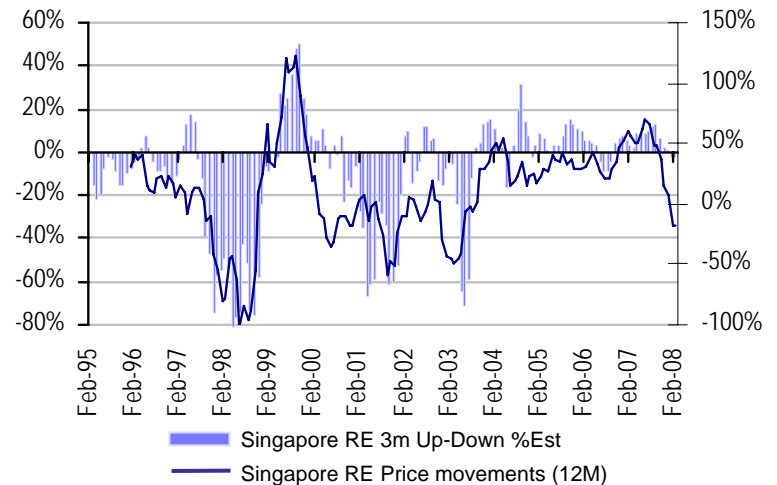
SINGAPORE – ANALYSTS APPROPRIATELY REFLECT GDP OUTLOOK



HK – MARKET IS NOT PRICED FOR EARNINGS DOWNGRADES



SINGAPORE – MARKET IS PRICED FOR EARNINGS DOWNGRADES

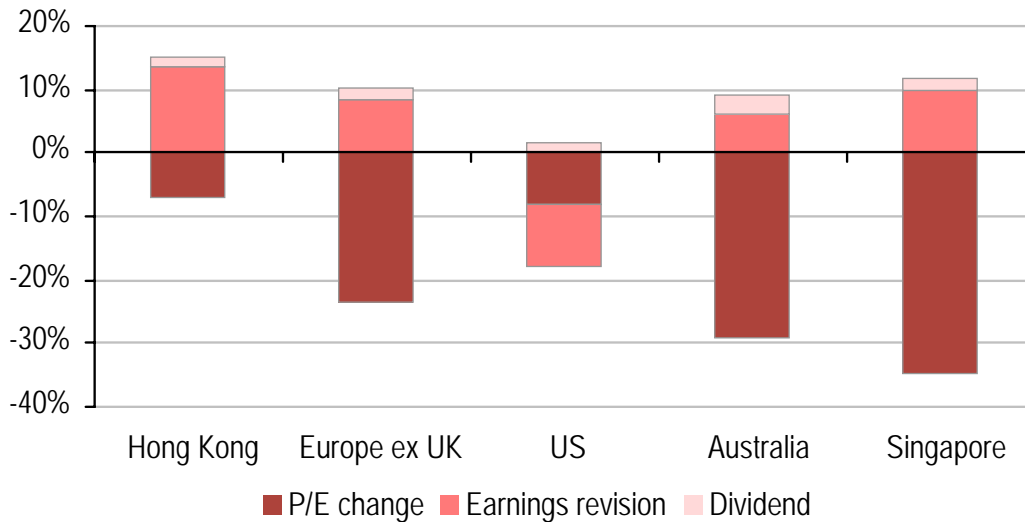




Market Turbulence and Access to Capital

REITs re-pricing

REIT UNDERPERFORMANCE DRIVEN PRIMARILY BY P/E DE-RATING



What has driven the underperformance?

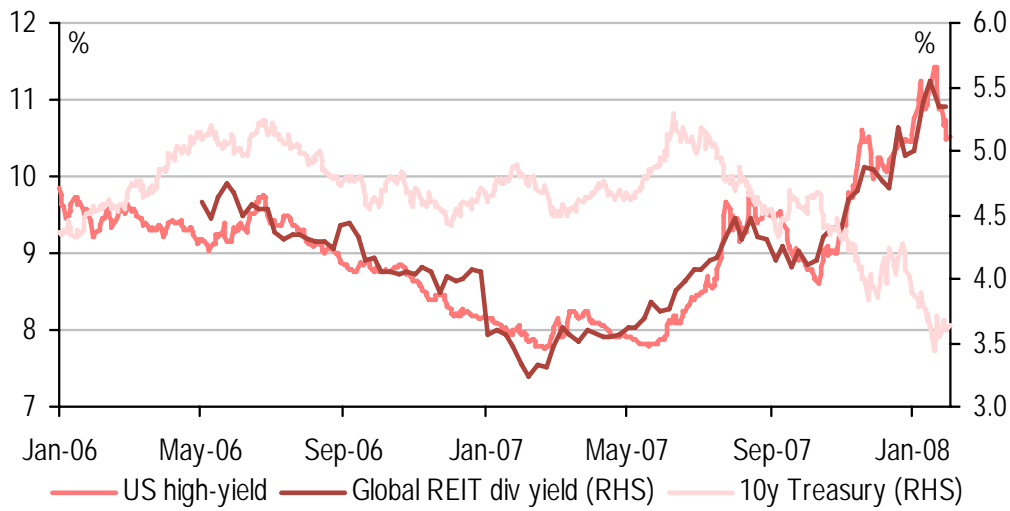
- *REIT sector underperformance has been driven primarily by P/E de-rating.*
- *P/E de-rating in the REIT sector has generally been larger than the equities market.*
- *The contrast is particularly stark in Asia – HK and Singapore de-rated, while Asian equity P/E multiples have, in fact, risen over the past few quarters.*



Market Turbulence and Access to Capital

Implications of the debt market crisis

GLOBAL REIT DIVIDEND YIELD, 10-YEAR TREASURY YIELD & U.S. HIGH-YIELD CREDIT



It appears that the credit crisis has affected REITs more than equities

- *Global real estate stock valuations seem to be tracking credit market yields closely.*
- *Since mid-'07, REIT valuations appear to have de-coupled from government bond markets, instead moving in tandem with credit markets.*
- *Why the high correlation to credit markets? Because REITs pay out a high proportion of earnings as dividends and therefore are dependent upon tapping credit markets to fund future growth. Also, highly leveraged buy-outs were supporting real estate values during '05-'06.*

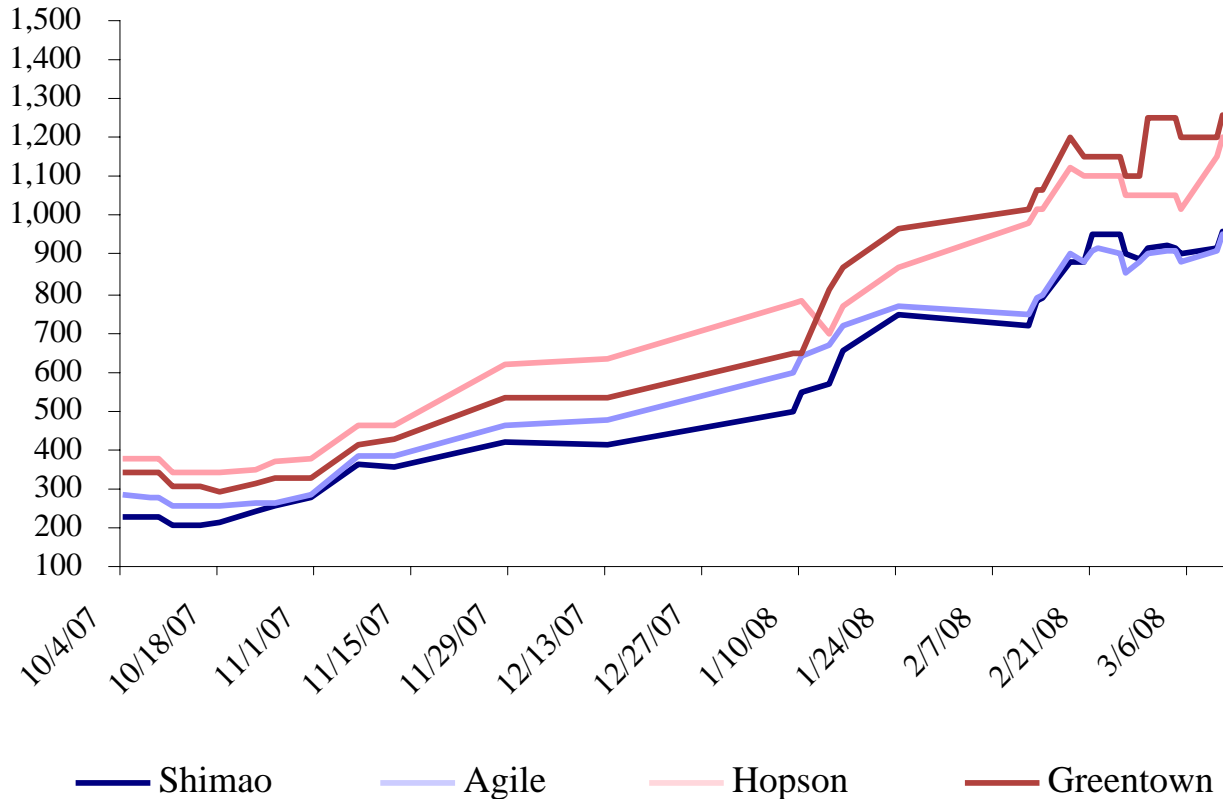


Market Turbulence and Access to Capital

Credit risk premiums up sharply, P/E ratios dropping

CREDIT RISK PREMIUMS OF HONG KONG PROPERTY COMPANY CORPORATE BONDS

Basis Points



- *Credit risk premiums for small developers have gone up approximately threefold over the past six months*
- *NAV discount premium is on average at 48% for mainland China national developers compared to 62% for regional ones*
- *National developers P/E ratios are anticipated to drop from 15.7x in '07e to 7.7x in '09e, while those of regional developers are anticipated to drop from 20.2x in '07e to 5.7x*



Market Turbulence and Access to Capital

Balance sheet and disclosure issues

BALANCE SHEET POSITION BY REGION

	Look-Through Gearing (D/TA)	Max. Observed Gearing	% Fixed Rate Debt	Weighted Avg. Debt Duration	\$ Amount of Debt	Debt/Bonds Expiring before June '08	% Expiring of Total Debt	Undrawn Bank Facilities (m)	Interest Cover (%) 2007E
Australia	38%	43%	88%	4.3	59,998	7,783	13%	16,085	3.3
US REITs	39%	61%	84%	5.2	188,482	20,192	11%	27,286	3.1
UK REITs	37%		86%	10.8	22,421			7,849	1.6
Europe	44%	c50-55%	c50%	c3-5yrs	51,407	3,458	7%		1.4
Japan	39%	13%	79%	3.8	5,509	1,284	23%		8.0
Singapore	50%		47%	2.4	29,287	6,134	21%		3.7
HK Prop Co's	16%				197,665	28,545	14%		4.9
HK REITs	25%				18,168	999	6%		
China	16%				83,524				

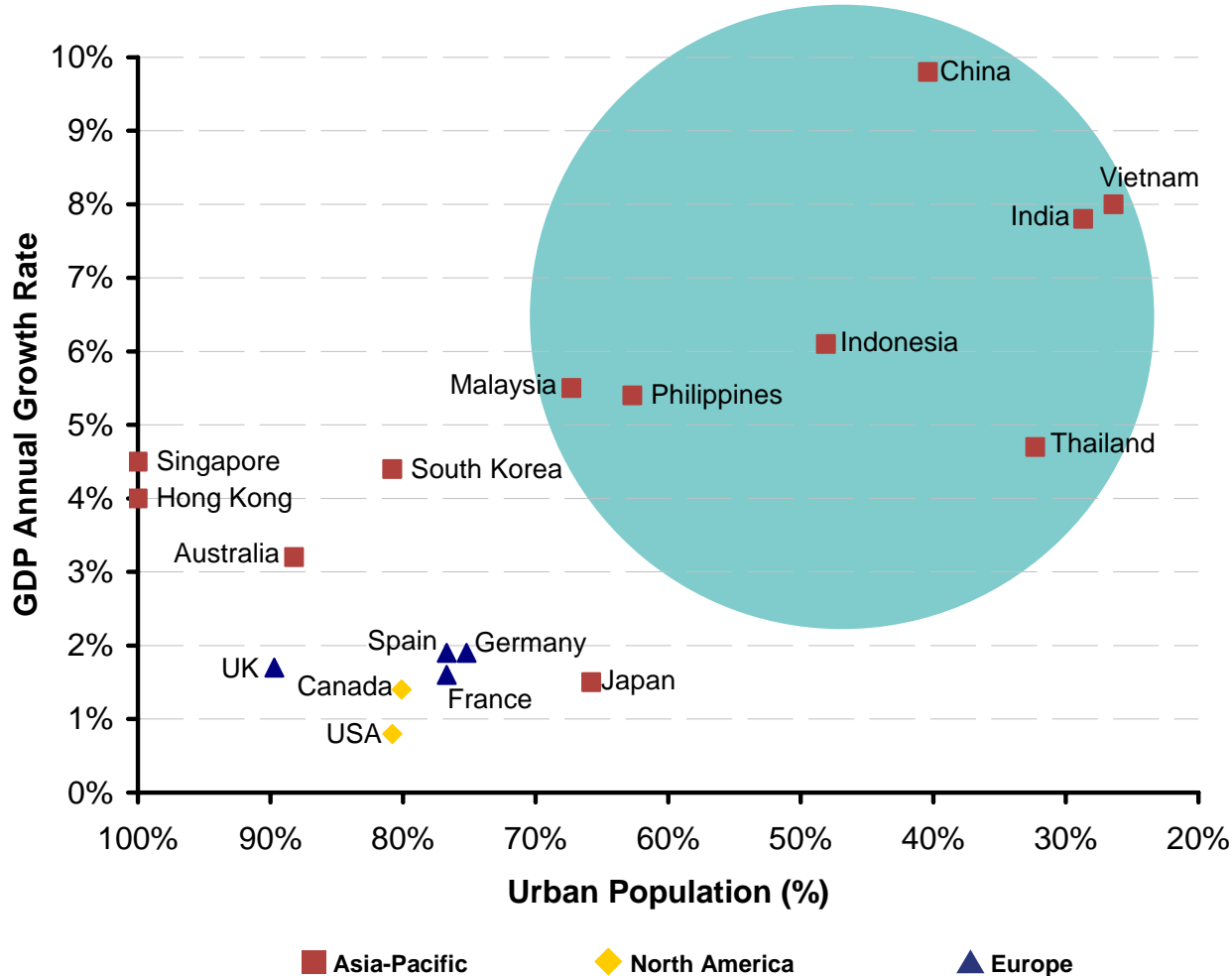
● *Centro's issues reflect aggressive expansion, over-leverage (c70% d/ta) and large amount of short-term & bridging facilities in place.*

● *In general, the real estate sectors and balance sheets are in good shape. This is not to say we won't have some company-specific issues.*



The Future *Creating value*

GDP ANNUAL GROWTH RATE VS LEVEL OF URBAN POPULATION

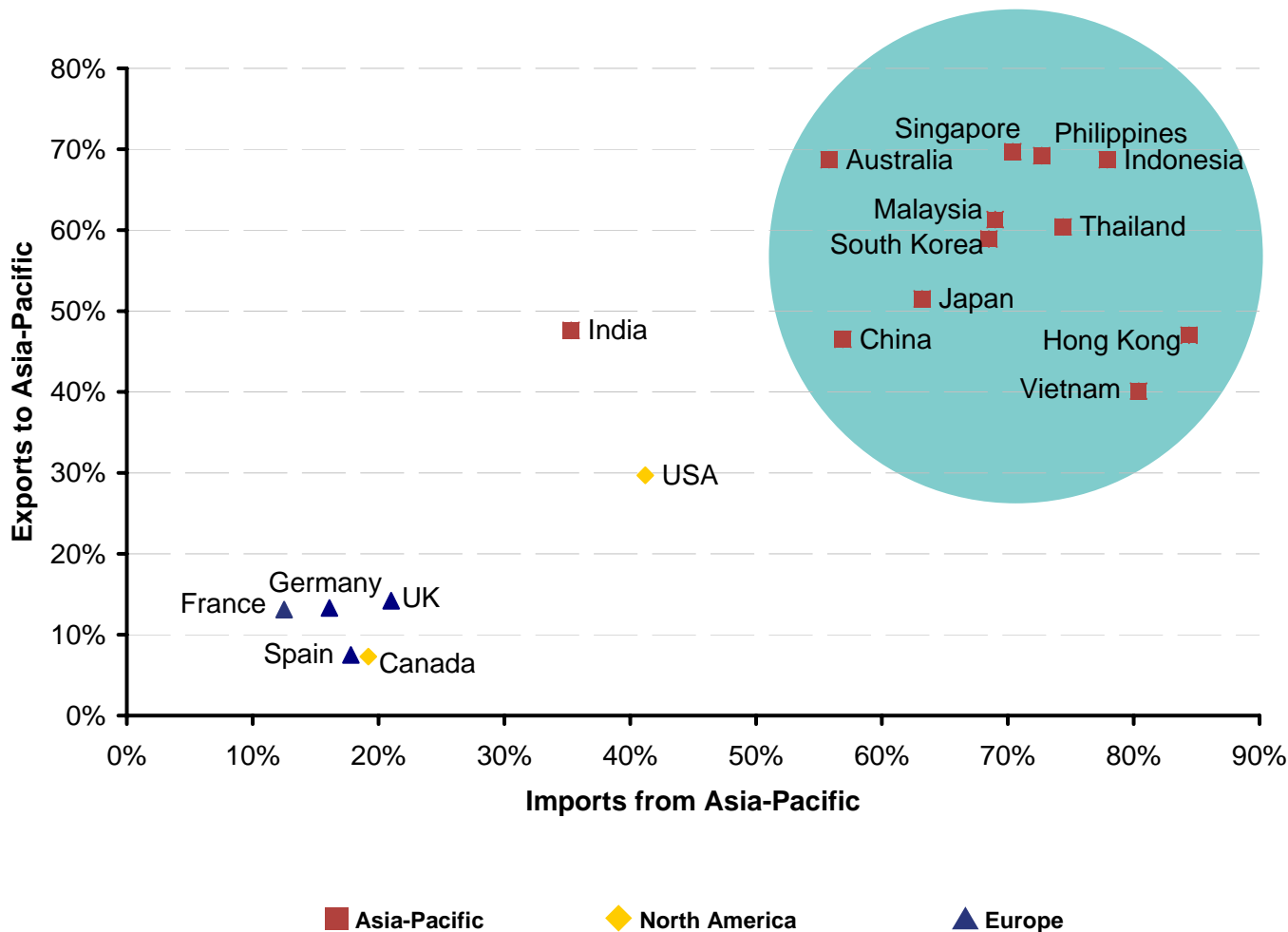


- *Urbanization typically drives higher GDP growth*
- *Highly urbanized countries show slower GDP growth rates*
- *Inflation may become a concern as a result of continued urbanization in a number of Asian countries*



The Future *Creating value*

IMPORT AND EXPORT DYNAMICS OF THE ASIA-PACIFIC REGION








- *Intra-Asia trade volume remains very significant*
- *Other Asian economies greatly benefit from the robust growth in China and India*
- *Although the level of intra-Asia trade is relatively high, the region is exposed to changes in demand from other regions*

The Future




Creating value



	Key Highlights
 India	<ul style="list-style-type: none">● Consumption expected to more than double over the next 10 years;● Huge shortage of homes. Developers racing to satisfy demand.
 China	<ul style="list-style-type: none">● Greater transparency of real estate companies;● More local real estate companies expanding nationally;● Tightening measures of central bank and potential softening of property fundamentals.
 Thailand	<ul style="list-style-type: none">● Return to a civilian government could be positive for the economy. Government spending initiatives can now move forward;● Domestic economy accelerating mostly due to an improvement of confidence and low interest rates.
 Malaysia	<ul style="list-style-type: none">● Annual home purchases expected to rise sharply due to new Employment Provident Fund regulation;● US\$3.0 B annually released into the system for the property sector, representing a third of the 2006 total residential property market transactions.
 Vietnam	<ul style="list-style-type: none">● 7.4% average annual GDP growth over past 10 years, with poverty reduced by half since '93;● Now drawing interest from Asian developers – particularly from Hong Kong, Singapore, Taiwan, and South Korea—as well as international private equity players.



The Future *Creating value*

	Key Highlights
 Philippines	<ul style="list-style-type: none">● Private consumption should be the main driver of the economy;● Fear of slower demand in residential sector caused by a U.S. recession and lower level of remittance.
 Indonesia	<ul style="list-style-type: none">● Current housing shortage represents a sustainable and untapped demand in the Indonesia real estate market;● Low-end housing comprises 89% and 61% of annual property sales, in terms of units and value, respectively.
 South Korea	<ul style="list-style-type: none">● Government has pledged to increase annual economic growth to 7% and double per-capita income by 2017 by encouraging big companies to boost spending and hiring;● The National Statistical Office reported on February 21 that the average annual salary of householders nationwide was up 6.4% from the previous year.

THANK YOU 감사합니다



Disclaimer

The information contained in this document is provided for information purposes only and in no way constitutes an offer of services or a solicitation.

Past performance is not indicative of future performance.

We decline any responsibility with respect to direct or indirect damages or consequences of the inaccuracy of the information reproduced in this document, nor for any actions taken in reliance thereon.

No information or data contained herein may be reproduced by any process whatsoever without written consent.

Certain statements that we make in this presentation are forward-looking statements. These forward-looking statements are based upon current assumptions and beliefs in light of the information currently available, but involve known and unknown risks and uncertainties. Our actual actions or results may differ materially from those discussed in the forward-looking statements and we undertake no obligation to publicly update any forward-looking statement.