

Fortis Investments

Global Property Forum 2008

Are We There Yet?

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“You must never confuse faith that you will prevail in the end- which you can never afford to lose – with the discipline to confront the most brutal facts of your current reality, whatever they might be.”

Admiral Jim Stockdale,  
Good to Great by Jim Collins

# Global Property Forum

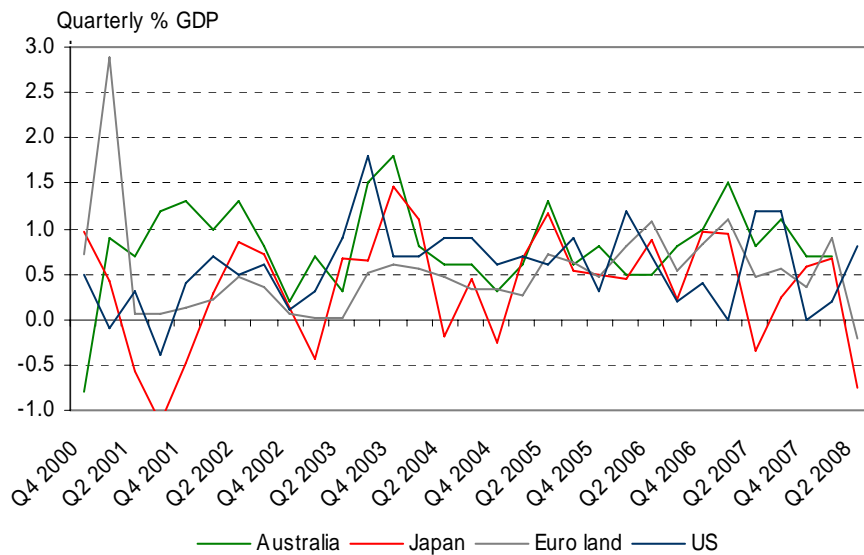
## Are we there yet?

- The Past
- The Present
- The Future

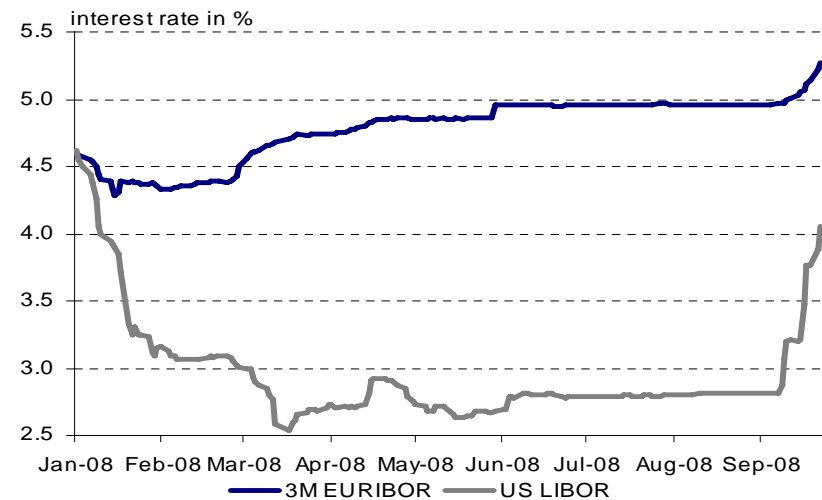
# What happened?

Global REITs responded to a slowing economy & rising interest costs

**Global economic growth – q on q**

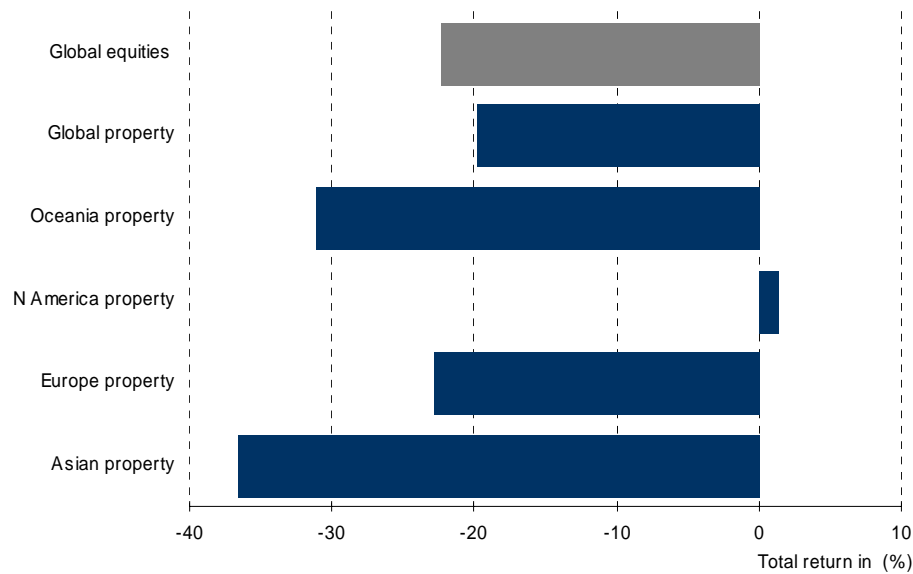


**3 month Libor**

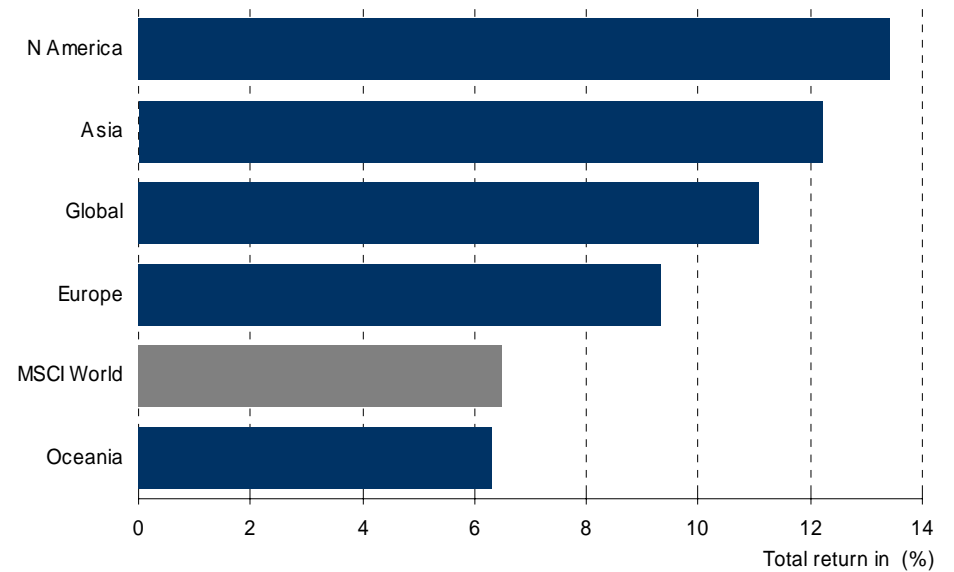


# Global property has out-performed equities

Global property securities – total returns year to date



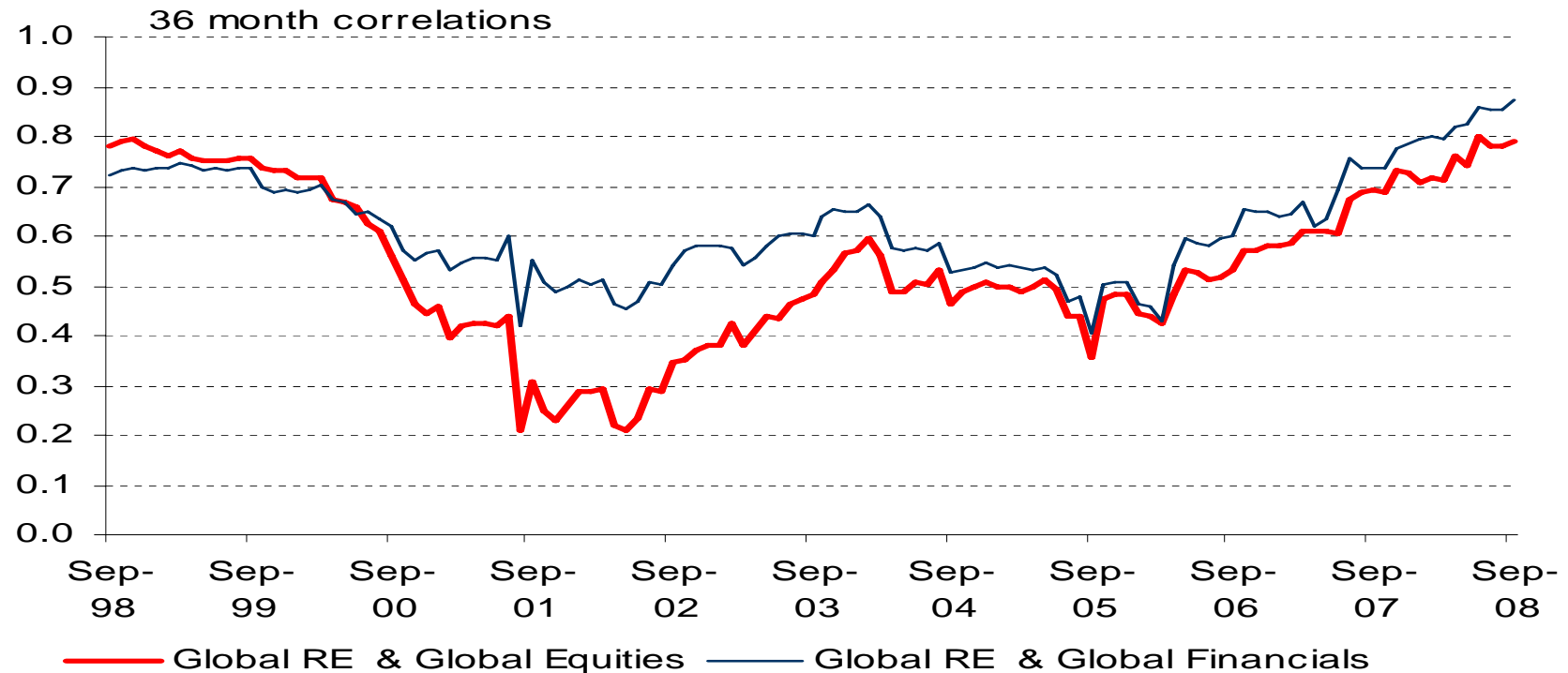
Global property securities – 5 year performance



# Global property out-performed equities

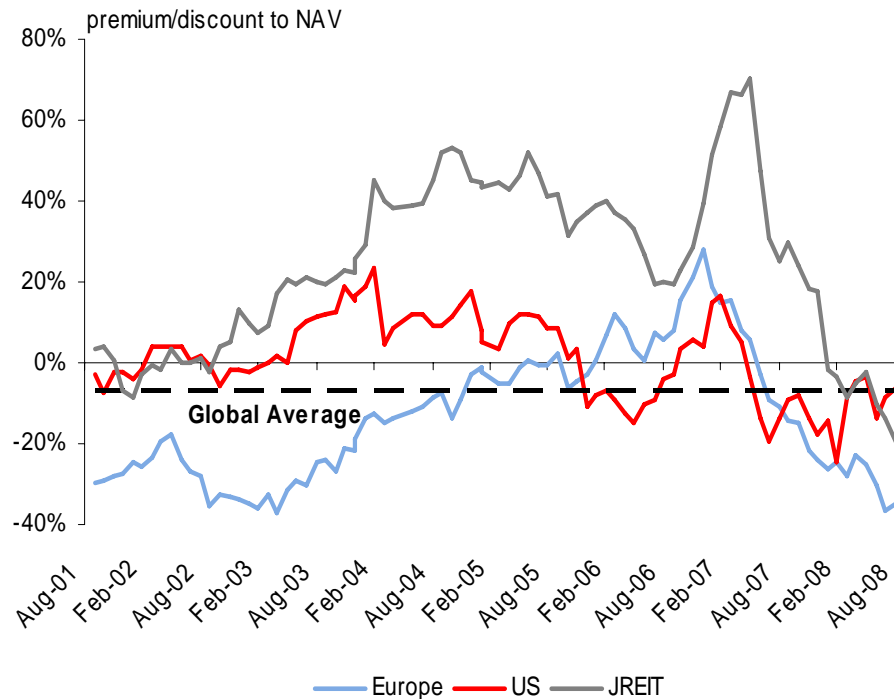
....but is more correlated to equities and financials

36 month correlations with equities and financials

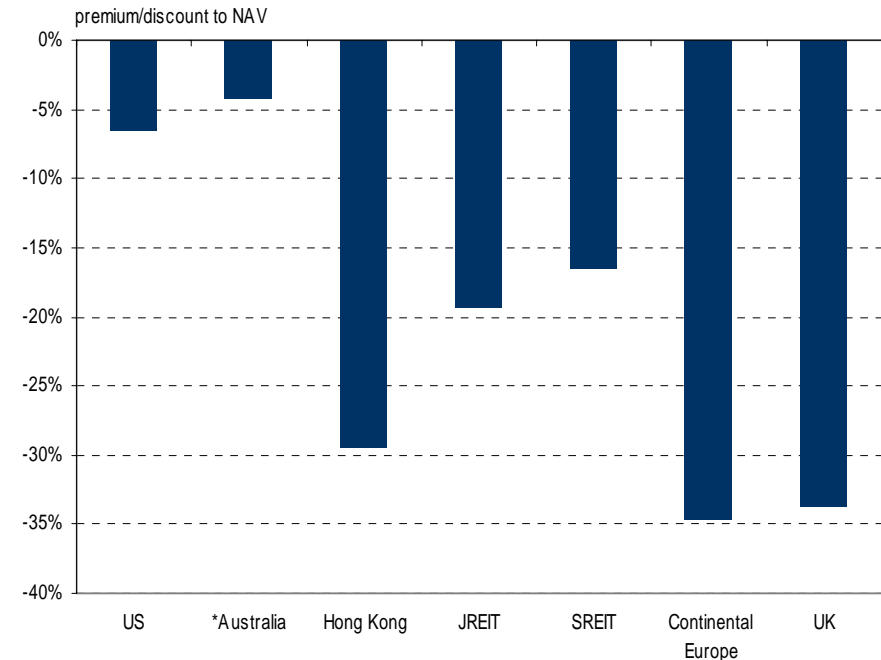


# NAVs of public companies are below historic averages

Discount / premium to NAV



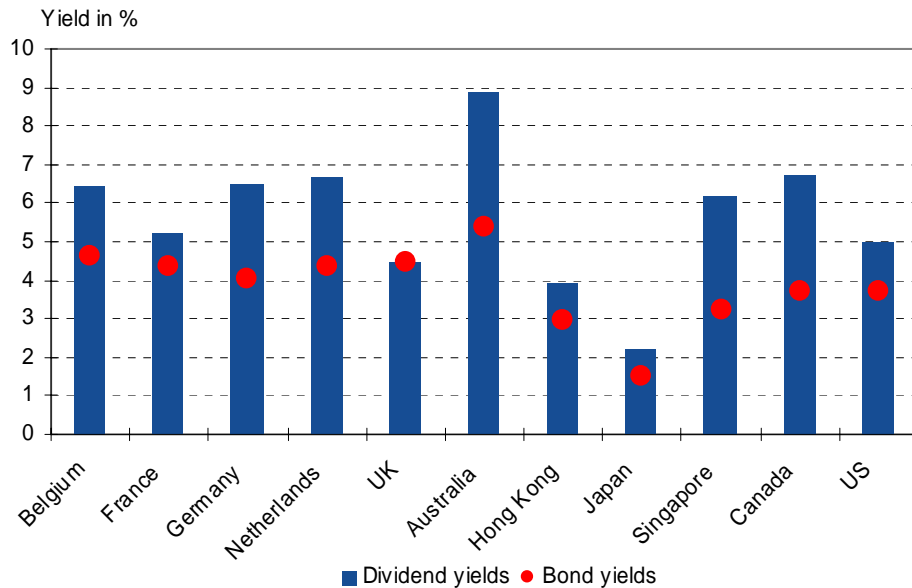
Discount / premium to NAV



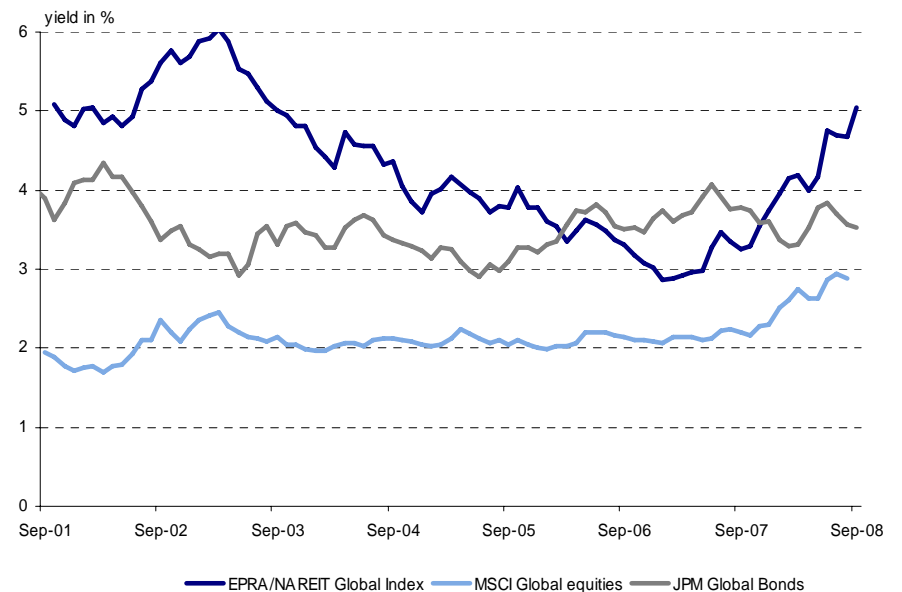
# Risk pricing returns to the market:-

Dividend yield spreads are attractive compared to other asset classes

Property dividend yields versus 10 year bonds



Property dividend yields versus other asset classes



# Property Trends

## Global

- Volatility
- Liquidity/Refinancing Risk
- Rising correlations global equities
- Economic uncertainty
- Yield spreads direct versus indirect
- Limited transaction volume

## Americas

- Increased volatility
- Higher correlations to financials
- Focus on balance sheet stability
- Strong balance sheets ready for opportunistic purchases

## Asia Pacific

- Expanding universe
- Execution risk / financial engineering
- Improving transparency
- Increasing volatility
- Headline risk from financial sector

## Europe

- M&A possibility escalating
- UK –improving relative performance
- Rising dividend yields (payouts)
- Rising cap rates
- Valuation spreads widen

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