



Global REITs Overview

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In this document we introduce the concept of real estate investment trusts (REITs), and by way of examples, aim to show how investors in global REITs (GREITs) can enjoy numerous benefits not available from Australian REITs (AREITs).

What is a REIT and what are global REITs?

A real estate investment trust (REIT) is a security that can be bought or sold like a stock on a public exchange, and which invests in real estate directly, either through properties or mortgages.

The business of a REIT can include:

- properties for rent
- property development
- mortgages over property or property-related business
- running a property funds management business.

REITs typically offer investors high yields and tax advantages, and as they are securitised they also offer a very liquid and convenient way of investing in real estate.

Investing in REITs can be done directly on an exchange or via a managed portfolio structure. REITs usually invest in property assets such as shopping malls, office buildings, apartments, warehouses and hotels.

REITs can be 'stapled', i.e. combining a listed property trust (for passive rental income via holdings in property) with a related developer or property management company (for trading activities such as property development or construction).

As 'pass through' entities, REITs must distribute all of their income to investors without taxation at the trust level. REITs are typically very liquid and are tradable securities, as opposed to private real estate entities.

As a separate, and much larger, asset class from Australian REITs, global REITs allow investors to access a pool of listed property securities and obtain a number of unique benefits, which are listed above.

Unique benefits of global REITs

- Investment in property securities markets around the world.
- A high level of diversification – by asset class, by country/region, by sector, and by stock.
- Access to sectors not available in the Australian market e.g. retirement homes and self storage.
- Opportunities to capture consistent income and strong capital growth
- Potential to participate in new issues and capture new listing premiums.
- Substantial outperformance compared to Australian REITs over the last three years.



Examples of global REITs

Unibail Rodamco (France)



Boulevard Malesherbes, Paris



La Part Dieu, Lyon



Tour Ariane, Paris

Unibail-Rodamco SA is a French-based commercial property investment company.

It is engaged in three business sectors: offices, shopping centres, which account for 74% of the Company's portfolio; and exhibition and convention complexes.

Unibail-Rodamco operates in 12 European countries including France, the Netherlands, Sweden and Spain, among others. Its management is amongst the most highly rated in Europe. The company is lowly leveraged, retains a favourable cash flow growth outlook, and trades at a discount to its net asset value.

Unibail Rodamco has a market cap of around Eur 13 billion and constituted around 3.2% of the FTSE/EPRA/NAREIT Global REIT Index in December 2009. Since January 2004 its share price has risen from Eur 75.40 to Eur 154.7 in January 2010.

Westfield Group (Australia)



Westfield, London



Westfield, San Francisco



Westfield, Sydney

Australian-based Westfield Group is the largest REIT in the world. With a market cap of around A\$26 billion, Westfield comprises about 4% of the FTSE EPRA/NAREIT Developed REIT Index but about 39% of the S&P/ASX 300 AREIT Index.

Westfield is a vertically integrated shopping centre group which operates in three segments: Operational, Development and Corporate.

The company owns and operates a portfolio of 119 regional shopping centres in Australia, New Zealand, the United States and the United Kingdom, with almost 24,000 retailers in more than 10 million square metres of retail space.

Westfield's share price has risen from \$2.04 in July 2004 (ASX listing) to around A\$12.58 in January 2010.

Sun Hung Kai Properties (Hong Kong)



The Cullinan (Lobby), Hong Kong



The Cullinan, Hong Kong



International Commerce Centre, Hong Kong

Sun Hung Kai Properties Limited is engaged in the development of and investment in properties for sale and rent.

The Company's operating segments include property sales, rental income, hotel operation, telecommunications and other businesses.

The Company has investments in telecommunication, information technology, transportation, infrastructure and logistics.

Sun Hung Kai Properties has a market cap of around HKD 260 billion and constituted 5.0% of the FTSE/EPRA/NAREIT Global REIT Index in December 2009. The company's share price has risen from around HKD 66.0 in January 2004 to around HKD 110.0 in January 2010.





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The British Land Company (UK)



Regent's Place, London



Bishopsgate, London



Ludgate West, London



Proposal for Euston Station, London

The British Land Company PLC operates in the fields of property investment and development, finance and investment. Investment in superstores represents 12% of its total portfolio.

The company owns 22 units let to food retailers on retail parks and shopping centres, totalling approximately 1.2 million square feet.

British Land's In-Town Retail portfolio includes shopping centres and department stores in selected locations in towns and cities. In February 2009, the Company formed a 50:50 joint venture in respect of the Meadowhall Shopping Centre with London & Stamford Property Green Park Property Trust.

British Land has a market cap of around GBP 3.9 billion. The company's share price has fallen from around GBP 11.0 in January 2004 to around GBP 8.00 in January 2010.

Public Storage (US)

Public Storage is an industrial REIT which acquires, develops, owns and operates self-storage facilities.

The Trust operates in three business segments: self-storage, Shurgard Europe and ancillary. At 31 December 2008, the Trust had direct and indirect ownership interests in 2012 locations and 181 storage facilities located in 38 states within the US, and in seven Western European nations.

Public Storage has a market cap of around USD 13 billion and constituted 1.7% of the FTSE/EPRA/NAREIT Global REIT Index in December 2009. The company's share price has risen from around USD 44.60 in January 2004 to USD 78.75 at 21/1/10.

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