

Sydney, Australia — 2 February 2010

## Global REITs primed for growth

### Opportunistic capital raisings to drive global real estate returns in 2010

One of the world's leading global real estate equity managers, ING Clarion Real Estate Securities (ING Clarion), believes global property company values are back on the rise, predicting solid investment return opportunities for investors over the coming 12 months.

ING Clarion manages more than US\$17 billion in global equity real estate securities (REITs) on behalf of some of the world's largest investors. In a note to investors in January, the manager forecast a total return from global REITs in the 5 – 15% range for 2010, supported by steadily growing dividends yielding approximately 4%. Chris Reich, Director and Portfolio Manager at ING Clarion based in the US, said improved capital markets and economic conditions would support the rising REIT market after a bottoming out in mid 2009. Even though occupancies and rents may remain soft in 2010, property fundamentals are expected to firm over the course of the year as markets will begin to focus more on normalised growth of between 6-7% in 2011. Mr Reich believes that there is further upside to this forecast if investment opportunities transpire for well-capitalised companies.

In 2009, equity capital raisings for listed property companies globally totalled over \$US55 billion with \$US12 billion occurring in Australia alone.

“Capital raisings in 2009 were largely about balance sheet repair, but a number of companies raised in excess of what was needed to position them for future growth. We believe acquisition opportunities for sensibly geared companies will emerge in 2010,” said Mr Reich. “In the last nine months credit markets have improved more quickly than we expected, so there hasn't been the level of distressed selling that we had anticipated. However, private owners of real estate continue to have fewer avenues to source capital as compared to REITs, and this could lead to some interesting acquisition opportunities for the REITs,” he added, “

ING Clarion also expects dividend yield to be a core investment characteristic of total returns for listed property companies in 2010. For example, Australian REITS traditionally paid out 100% of the underlying cash flow but this has now been reduced to around 75%. For those companies that adopted very conservative payout policies during the financial crisis, ING Clarion believes dividend growth could exceed earnings growth in 2010 as payout policies are normalised.

“REITs' earnings growth should benefit from the economic recovery and REIT management teams could drive earnings even further in the coming years as they take advantage of accretive acquisition opportunities,” Mr Reich said.

### Aussie REITs to perform well in a strengthening economic environment

Australian REITs have undergone a dramatic recalibration of business models, balance sheets and dividend policies over the last two years. They are now in a position for growth as they balance acquisitions and development opportunities with capital recycling to improve shareholder value.

## Expectations of outperformance from Asia and the UK

ING Clarion also expects relative outperformance from select Asian and the UK REIT markets in 2010.

In Asia, Hong Kong based commercial and retail property companies should perform well on the back of limited supply, improving rents and solid economic growth. Japanese property companies are now at attractive valuations after underperforming in 2009 and should rebound this year.

UK property values were down sharply over the last 1-2 years, but sentiment in London has turned and property values have begun to recover. ING Clarion expects this trend to continue and is looking for UK REITs to return 10-15% this year.

"Although nothing moves in a straight line, the conditions are there for the recovery in global REITs to continue," Mr Reich concluded.

<ends>

### For more information:

Susie Lambert / Suk Hee Lee

Honner Media

Ph. 8248 3747 / 8248 3752

Mb. 0420 949 852/ 0433 343 888

[susie@honnermedia.com.au](mailto:susie@honnermedia.com.au) / [sukhee@honnermedia.com.au](mailto:sukhee@honnermedia.com.au)

---

## ABOUT ING CLARION REALESTATE SECURITIES

ING Clarion Real Estate Securities specialises in the management of equity real estate securities. Headquartered near Philadelphia, Pennsylvania the firm has approximately USD 17billion in assets under management and over 70 employees located in offices in the United States, United Kingdom, Hong Kong, and Japan

ING Clarion Real Estate Securities is the real estate equity management arm of ING Real Estate Investment Management, a global real estate investment management company. With a total business portfolio of more than US\$91 billion and offices in 21 countries in Europe, the Americas, Asia and Australia, ING Real Estate Investment Management ranks among the world's strongest real estate companies.

## INVESTMENT MANAGEMENT



**ING Investment Management** is the specialist global investment arm of ING Group, one of the leading financial services companies in the world and with more than A\$695 billion in assets under management worldwide across different asset classes. In Australia, ING Investment Management also has a strong presence, managing around A\$35 billion of clients' assets. INGIM's clients include institutions such as superannuation funds, government agencies and charitable organisations, as well as individual investors.

### ING Investment Management Limited

ABN 23 003 731 959

Level 21, 83 Clarence Street,  
Sydney NSW 2000, Australia