

# Structured Finance

## *Real Estate Companies*

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## Global REIT Market Moving Apace, Ratings Convergence Anticipated

Global real estate markets are enjoying sustained favor with debt and equity investors, supported by generally favorable economic, investment, and regulatory conditions. These robust market conditions, the global flow of investment capital buoying the sector, the accelerated global expansion of existing real estate investment trusts (REITs), and the growth of the REIT structure globally have prompted this global REIT article.

Standard & Poor's Ratings Services currently rates 116 REITs/REOCs (real estate operating companies) across nine global systems using a consistent methodology. Rated global REIT/REOC securities currently aggregate about US\$150 billion. Although all regimes have set asset parameters, income rules, and distribution requirements, meaningful differences do exist. Each market is in a different stage of development, and the extent to which each jurisdiction imposes operating and financial regulations on its local REITs varies widely. For instance, from the less regulated "free market" approaches in the mature systems of the U.S. and Australia, to the more regulated approaches in Japan and Singapore.

REITs globally will continue to evolve. Standard & Poor's expects its rated REIT universe to grow as additional jurisdictions form REIT-like structures and as existing REIT systems mature. Growth will also be a function of real estate capital markets developing further and maturing. Moreover, REIT strategies and financial profiles will evolve as companies weather future property, business, and capital cycles that may not move in tandem and also may deviate from historical cycles.

Mature REIT systems have shown relatively good ratings stability over the last decade, bolstered by favorable economic growth. Although existing REITs in these regions continue to broaden their operating platforms, Standard & Poor's anticipates that mature systems will continue to show good ratings stability, as most REITs in these markets continue to derive the majority of their rental income from owned property. In contrast, the credit quality of highly rated, nascent REIT systems may come under pressure if competition drives trusts to adopt increasingly aggressive growth strategies (as has been the case with REITs operating in more mature markets). In addition, merger and acquisition (M&A) activity is likely to become more pronounced in the emerging REIT/REOC markets as competitors jostle for "prize" assets. As such, Standard & Poor's anticipates that mature and nascent REIT/REOC ratings could start to converge.

**RatingsDirect  
Publication Date**

June 15, 2006

## ***Overview Of The Attributes Of Key Global REITs/REOCs***

### ***Impetus for REIT formations***

To date, REIT structures have been formed either from distressed real estate markets (U.S., Canada, Australia, Japan) or have been kick-started by regulators (Hong Kong, Singapore, UK, Germany). While impetus may differ from region-to-region, intent has been consistent: to provide investors with the opportunity to invest in real estate, particularly large-scale commercial property. Although market forces and regulatory promotion have contributed to the growth of the sector, the long-term viability of REITs remains as an income-focused, easily understood, and transparent investment vehicle.

Standard & Poor's evaluates REITs/REOCs globally utilizing a consistent methodology, with an eye toward rating parity. Our ratings approach gives us the opportunity to benefit from cross-regional peer analyses, but also challenges us to balance our consistent application of methodology with the unique local property markets, financial markets, and structural/regulatory conditions. Isolating the positive and negative credit implications of local market conditions is a key driver to our rating dispersion globally.

### ***Systems at various stages of maturity***

Standard & Poor's currently rates REITs in the U.S. and Canada, and anticipates participating in the Mexican REIT market once that system emerges. The U.S. REIT market is the most mature and largest of the global REIT systems, with an equity market capitalization of more than US\$300 billion. Standard & Poor's rates roughly 90% of the U.S. equity REITs (based on market capitalization), and U.S. REIT/REOC ratings comprise 59% of Standard & Poor's global REIT/REOC ratings

The U.S. is among the lowest rated ('BBB-/BBB') global REIT systems (see table 1). As a consequence of the highly competitive and fragmented markets in which they operate, appetite for growth has led many U.S. REIT management teams to pursue initiatives that increase company risk profiles. Initiatives include property development, fund formation and management, active capital recycling businesses (within taxable subsidiaries), M&A, nontraditional real estate investments, and offshore expansion. REIT management teams in the U.S. have generally ably balanced equity investors' desire for return with debt investors' desire for stability. Doing so has earned REITs some degree of investor confidence. Most management teams have targeted a 'BBB' rating as optimal from a cost-of-capital perspective, supported by debt investor appetite at the same rating category. Despite having the lowest average rating among the global-rated REIT systems, U.S. REITs have demonstrated relatively good ratings stability over the last decade.

The Canadian REIT market is well developed, like that of the U.S., and continues to expand; Canadian REITs have a market capitalization of more than US\$20 billion. Nevertheless, the unsecured debt market has been slow to grow as Canadian real estate entities favor secured borrowing. As primarily secured borrowers, the leverage of Canadian REITs tend to be high and their average rating of 'BBB-/BBB' is comparatively low. With a large number of small-capitalized REITs, the entire market is likely to be skewed to an even lower average rating level of 'BB'.

In contrast, Mexico has yet to see a publicly traded REIT emerge, although REIT legislation is in place and a handful of U.S. REITs are actively investing in the Mexican real estate market.

Australian listed property trusts (LPTs), with an equity market capitalization of more than US\$75 billion, are also in a mature stage of their life cycle. Many trusts are pursuing growth outside of Australia due to limited local opportunities and ample attractively priced capital sources. Appetite for growth has led many Australian management teams to pursue initiatives akin to their U.S. REIT peers that have increased the risk profile of the LPTs. Even so, the average LPT rating of 'BBB+/A-' is comparatively high, reflecting the generally favorable market positions that these trusts enjoy within the region, as well as their moderately conservative financial profiles. It is worth noting, however, that Standard & Poor's rated portfolio in the

Australian LPT market is skewed to entities with higher credit quality. If the entire Australian LPT market were rated, the average rating would decline to a lower investment-grade rating level.

The pending launches of REIT regimes in the U.K. and Germany in the coming year are significant events in the European real estate market, as these two countries are among the largest markets in Europe. The current equity market capitalization of listed real estate companies in Europe is more than US\$125 billion; however, less than one-third of these companies operate under REIT legislation. Standard & Poor's expects the introduction of REIT systems in the U.K. and Germany to lead to more than US\$100 billion in additional market capitalization over the next five years. Standard & Poor's currently rates nine European real estate companies, seven of which operate on a tax-exempt basis under REIT systems. The average rating is 'BBB/BBB+'.

Japan, the first country in Asia to create a REIT market, established "J-REITs" six years ago. Since then, the J-REIT market has expanded at a rapid pace to reach an equity market capitalization of more than US\$30 billion. The average Standard & Poor's J-REIT rating of 'A-' is among the highest-rated systems globally. This reflects: the "best in class" of the market, as only seven of 32 listed J-REITs carry Standard & Poor's ratings; the relatively conservative (though untested) business and financial profiles; and perceived limitations on operating risk (such as restrictions on pursuing development) imposed by the more highly regulated J-REIT structure.

Table 1

<i>Comparison of REIT Global Systems</i>									
	<i>Australia</i>	<i>Belgium</i>	<i>France</i>	<i>Germany</i>	<i>Japan</i>	<i>Netherlands</i>	<i>Singapore</i>	<i>U.K</i>	<i>U.S.</i>
<b>Structure</b>	LPT	SICAFI	SIIC	G-REIT	J-REIT	BI	S-REIT	UK-REIT	REIT & UPREIT
Since	1971	1995	2003	Proposed	2000	1969	2001	Proposed	1960
Listing	Not required	Required (in Belgium)	Required (in France)	Required	Not required	Not required	Not required	Required	Not required
Asset rules	At least 50% in real estate assets for inclusion in the S&P/ASX LPT index	Investment in immovable objects	Only assets held or developed for rental purposes qualify for tax-exemption. Non-qualifying activities fully taxable and can't exceed 20% of gross asset value	At least 75% in real estate assets	At least 75% in real estate assets and at least 50% in real estate assets that raise stable rental business income (listing requirement). Not allowed to own 50% or more of total number of shares or equity of other company	Passive investments (rent collection)*	At least 70% in real estate assets	At least 75% of its income and 75% of its assets relate to the qualifying property rental business (both UK and overseas properties)	At least 75% in real estate assets. Have no more than 20% of assets consisting of stocks in taxable REIT subsidiaries

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Income rules	Derive at least 50% of gross income from rents from real property for inclusion in the S&P/ASX LPT index	From immovable objects	Only qualifying assets are tax exempt	At least 75% from real estate assets (letting and leasing)	See above	From passive investments*	At least 70% in real estate assets	See above	Derive at least 75% of gross income from real property, or interest income on mortgages on real property
Developments	No limits	OK—if development is held for 5 years	OK—if provided the developed property is held	OK—if it does not exceed 25% of the portfolio	Not allowed	Not allowed*	OK—if it does not exceed 10% of the portfolio	OK—if it does not exceed 25% of the portfolio	No limits
Distribution requirement	100% of taxable income (post depreciation)	80% of net profits annually. Capital gains can be reinvested	85% of rental income annually and 50% of capital gains within 2 years	90% of G-REIT taxable income. Capital gains can be reinvested within 2 years	90% of distributable income	100% of annual taxable profit within 8 months. No requirement to distribute capital gains	90% of taxable income (post depreciation)	90% of qualifying REIT taxable income within 12 months	90% of REIT taxable income
<b>Restrictions</b>									
Diversification	None	One asset can not represent more than 20% of portfolio	None	Must not trade more than 50% of its portfolio over a 5-year-period	None	None	None	The value of a single property must not exceed 40% of the combined value of all of the property business	None

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Ownership	No restrictions apart from meeting the Managed Investment Scheme provisions under the Corporations Act	No restrictions.	No restrictions.	At least 25% free float. Also may introduce a 10% shareholding limit, similar to the U.K. proposal	Have a minimum of 50 shareholders or all its shares held by qualified institutional investors. Listing requirements include: at least 4,000 listed shares. Number of shares owned by major shareholders does not exceed 75% of total number of listed shares. At least 1,000 shareholders	Several restrictions limiting ownership to 45% (if ***) or 25% (if individual)	No restrictions regarding ownership but must maintain at least 10% free float if trust is to be publicly listed	10% limit (a UK-REIT which makes a distribution to a shareholder entitled to 10% or more of the shares or voting power will suffer a tax penalty, although this can be avoided if it shows it has taken reasonable steps to avoid paying distributions to such a shareholder)	Have a minimum of 100 shareholders and have no more than 50% of its shares held by five or fewer individuals during the last half of the taxable year
Management (internal or external)	Internal and external permitted so long as they meet the responsible entity requirements under the Corporations Act	Internal and external permitted	Internal and external permitted	N.A.	External only	Internal and external permitted	Internal and external permitted	N.A.	Internal and external permitted
Gearing limits.	None	50% gearing limit*	None	None	None	Loan capital not to exceed 60% of fiscal book value of properties and 20% of other assets*	35% of total asset. However, if obtain and disclose an issuer credit rating, can increase up to 60% of total assets	None	None***

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	<i>Australia</i>	<i>Belgium</i>	<i>France</i>	<i>Germany</i>	<i>Japan</i>	<i>Netherlands</i>	<i>Singapore</i>	<i>U.K</i>	<i>U.S.</i>
Interest coverage minimum	None	Annual interest charges may not exceed 80% of total annual profits	None	None	None	None	None	1.25x	None***
No. of S&P-rated REITs/REOCs	11	2	4	0	10	1	1	2	69
Mean S&P REIT/REOC rating	BBB+/A-	BBB	BBB	N/A	A-	A	A-	BBB-/BBB	BBB-/BBB

\*Under review for possible relaxation. \*\*If the shareholder is not also a listed BI, then no restrictions apply; 25% limit for foreign investors. \*\*\*Typical U.S. REIT unsecured bond covenants include total debt-to-total assets <60%, secured debt-to-total assets <40%, interest coverage >=1.5x, and unencumbered assets-to-unsecured debt >=150%. §If the REIT is a corporation; if it is a fund, management is required to be external. N.A.—Not available. N/A—Not applicable.

### ***Highlights of key similarities and differences noted***

The extent of regulation to which REITs are subject varies widely from system to system. Each of the nine systems rated by Standard & Poor's sets asset parameters, income rules, and distribution requirements. However, meaningful differences exist. A key difference among the systems is the extent to which each system imposes operating and financial regulations upon its local REITs.

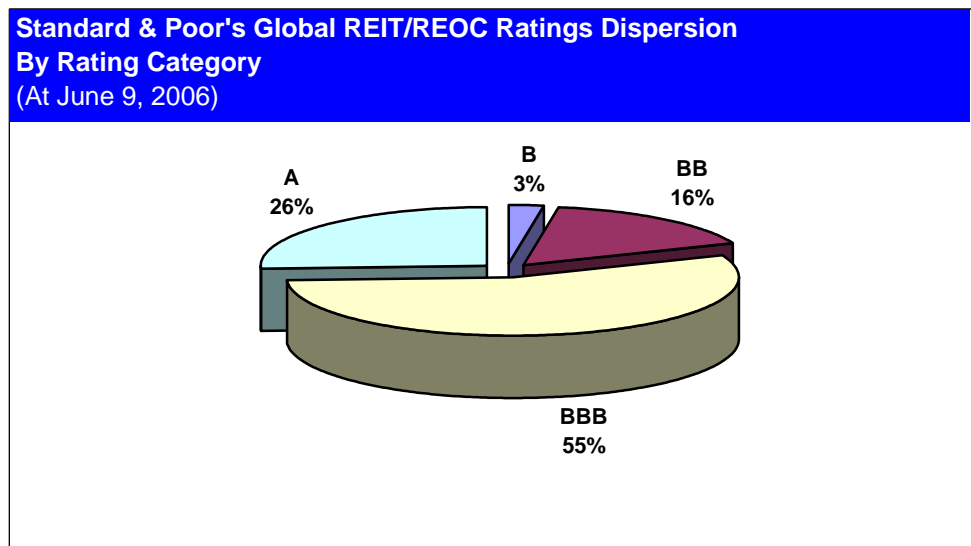
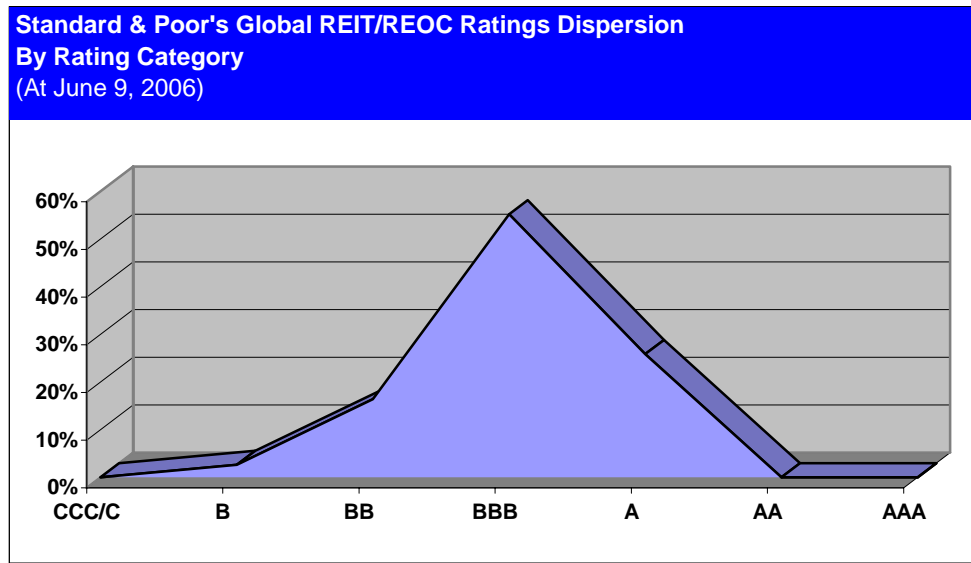
At the least-regulated end of the spectrum, the U.S., Australia, and Canada each allow for the internalization of REIT management teams, place no restrictions on development, set no gearing limits, and set no minimum interest-coverage levels. These systems allow market forces to have a greater influence on the operating and financial standards of REITs. In the U.S., for example, typical REIT bond covenants limit total debt-to-total assets and secured debt-to-total assets, and set minimum interest coverage and unencumbered assets-to-unsecured debt levels. In contrast, Japan and Singapore have taken a different, more regulated, approach. J-REITs are restricted from internally managing the REIT's assets, and gearing is limited. S-REITs have limited ability to pursue development, and are subject to gearing limits. The pending REIT formations in the U.K. and Germany should loosen the more restrictive approaches in those two markets, where regulation ultimately appears poised to fall between the two extremes of the established jurisdictions.

Standard & Poor's sees three primary drivers to global REIT/REOC ratings converging over time. First, if competition drives trusts to adopt increasingly aggressive growth strategies (as has been the case with REITs operating in more mature markets), the credit quality of highly rated REIT systems may come under pressure. A REIT manager's passive buy-and-hold strategy can be a credit negative when that tact leads to underperformance relative to peers. Across the more mature REIT markets, Standard & Poor's is observing more and more managers who are seeking to develop assets, refurbish existing assets (and often capture the enhanced capital appreciation within the REIT/REOC), and pursue nontraditional real estate investments and more volatile, fee-based businesses. Developing REIT markets have largely adopted the traditional passive strategy, although Standard & Poor's expects that managers in these markets are likely to move toward more active operating platforms after gaining the confidence of debt and equity investors.

Second, if ratings were assigned to the entire global REIT population, the “best of class” skewing would disappear and the average credit rating would decline. And third, some highly rated REIT systems that benefit from attractively priced capital could see their financial metrics and ratings weaken if capital costs were to rise materially.

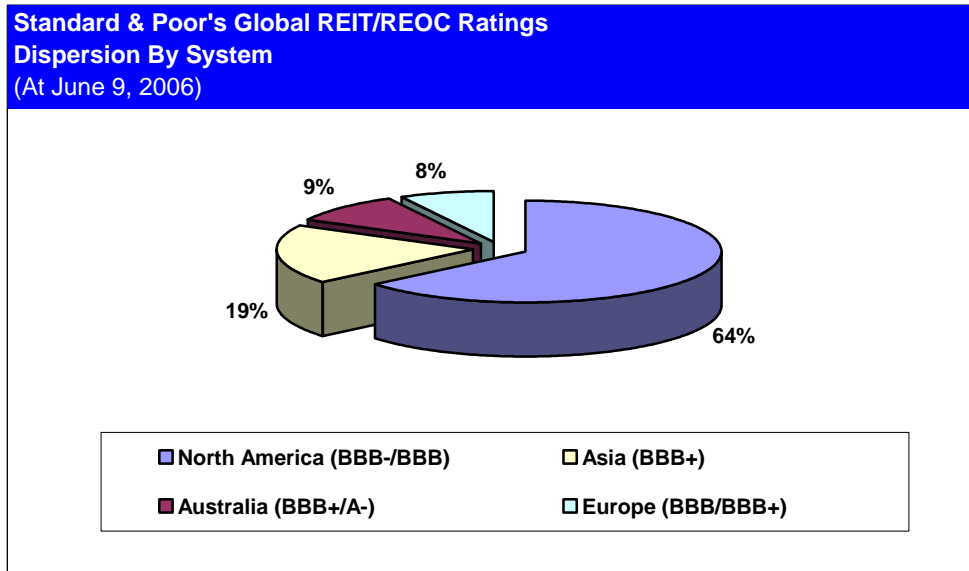
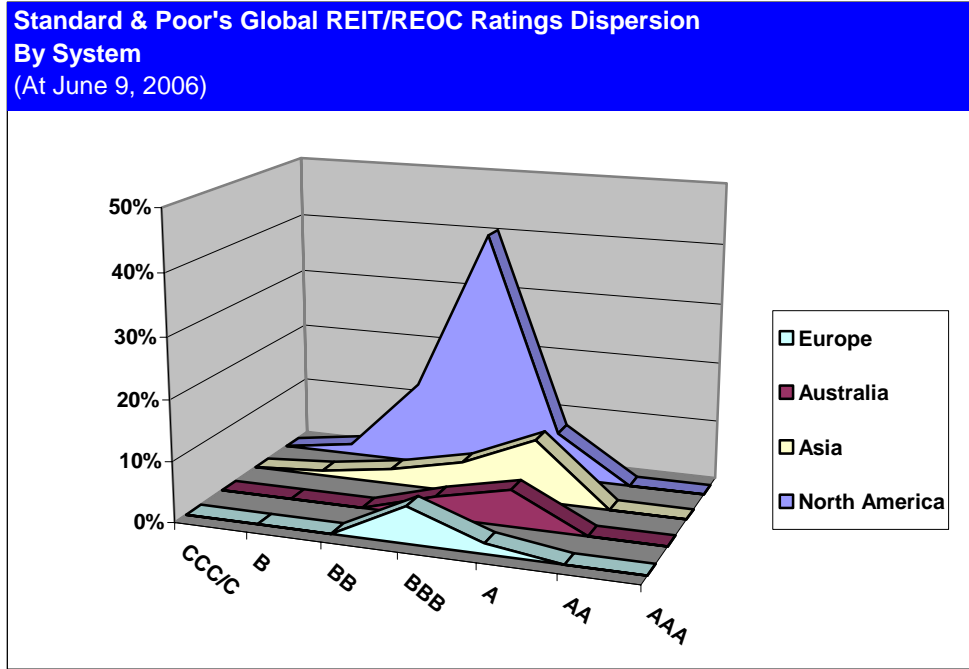
***Snapshot of Standard & Poor’s Global REIT/REOC Ratings Dispersion***

Standard & Poor’s rates 116 REITs/REOCs across nine systems globally, with ratings that range from ‘B’ to ‘A+’ (see table 2). The average rating is in the ‘BBB’ category (more than half of the ratings); with 26% higher (in the ‘A’ category) and 19% lower (16% in the ‘BB’ category and only 3% in the ‘B’ category) (see charts below).



The U.S. is by far the largest system, representing 59% of Standard & Poor’s global REIT/REOC ratings; combined with Canada’s five rated REITs/REOCs, North America represents 64% (see charts below). The U.S. REIT market is the oldest and deepest global REIT market, and has the widest ratings dispersion, from

'B' to 'A+'. As a consequence of the competitive and fragmented markets in which the U.S. REITs operate, appetite for growth has led U.S. REIT management teams to pursue initiatives that increase risk profiles. This has resulted in North America having among the lowest average ratings ('BBB-/BBB') of REIT systems globally.

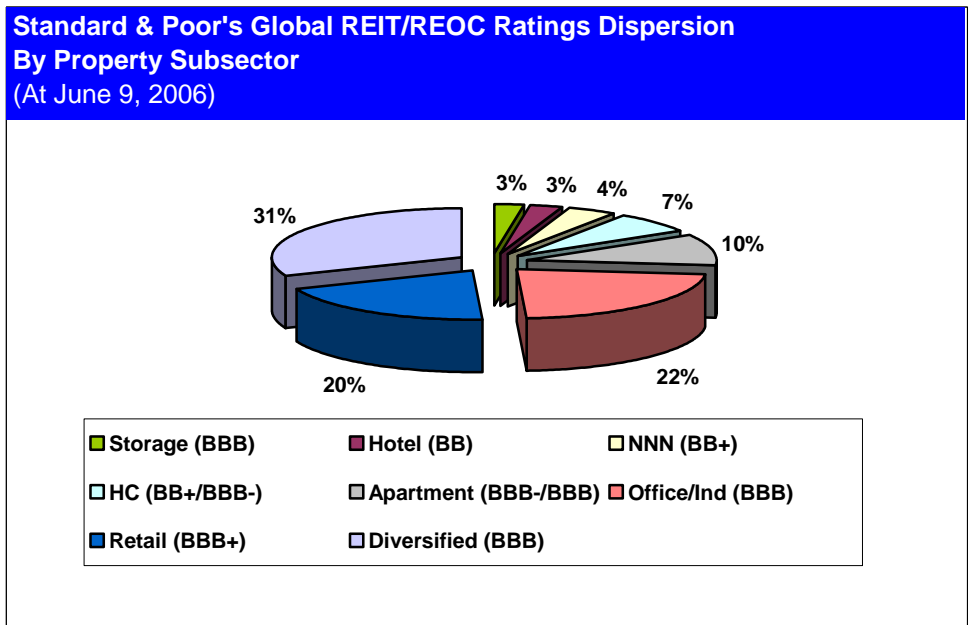
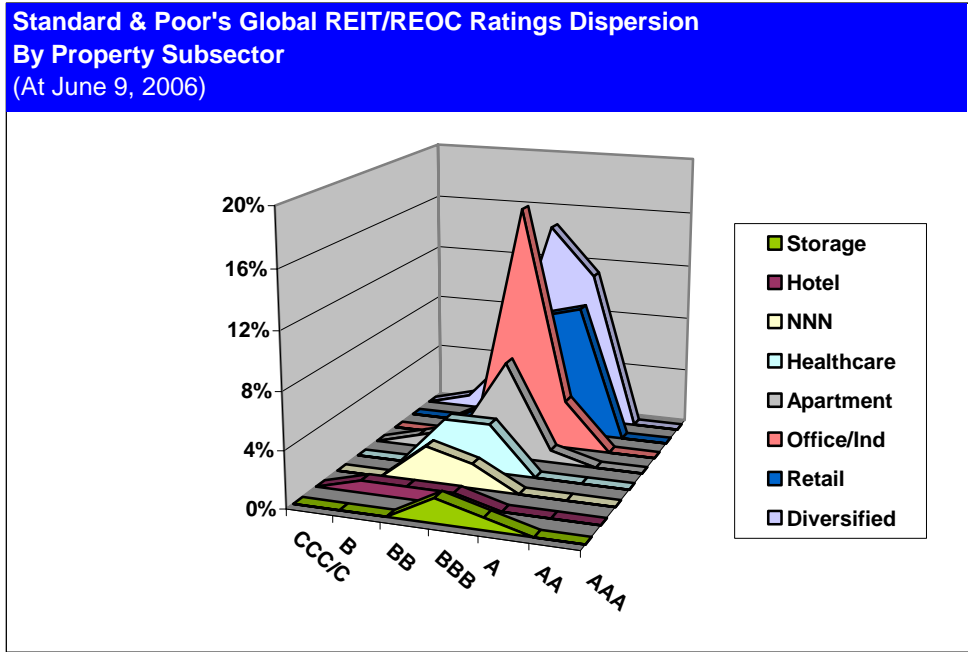


The next largest system, based on the number of ratings, is Asia (which includes Japan, Hong Kong, and Singapore) at 19%. In aggregate, Asia has an average rating of 'BBB+', consisting of Japan at 'A-', Hong Kong at 'BBB-/BBB', and Singapore at 'A-'.

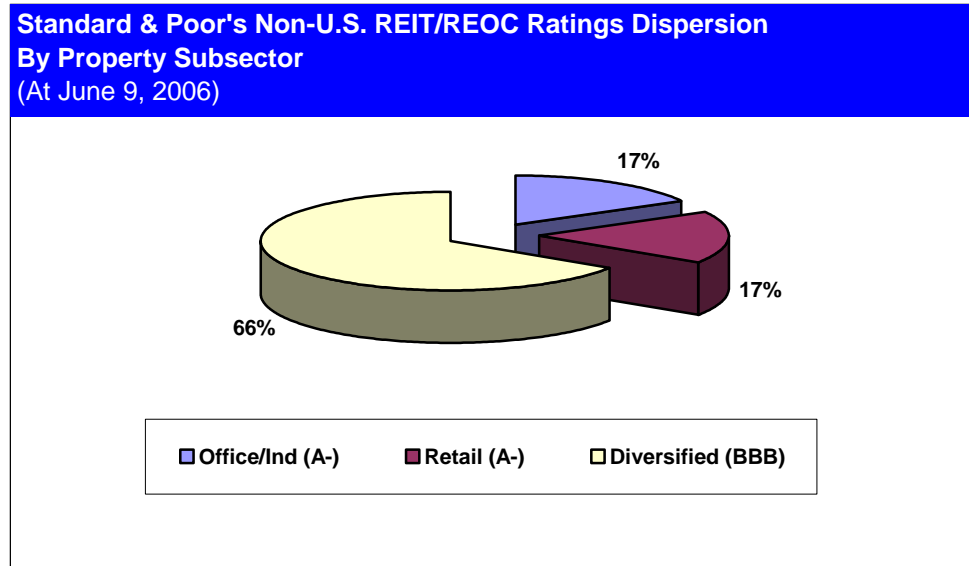
Australia comprises 9% of Standard & Poor's global-rated REIT/REOCs; this mature system carries an average rating of 'BBB+/A-'. Europe (including the U.K., France, Belgium, and the Netherlands) accounts for

only 8% of Standard & Poor's rated REIT/REOC universe; however, the number of European entities is expected to increase with the pending introduction of REIT regimes in the U.K. and Germany. Ratings across Europe currently average 'BBB/BBB+.'

Diversified REITs comprise the largest sub-sector globally (almost one-third). This is not surprising, as many non-U.S. property markets are too shallow to support the pursuit of a focused sub-sector investment strategy. The next largest global sub-sector is office industrial at 22%, followed by retail at 20%. Apartments (10%), health care (7%), triple-net (4%), hotel (3%), and storage (3%) comprise the remainder (see charts below).



The majority (66%) of non-U.S. REITs/REOCs are diversified and do not specialize by property sector (in stark contrast to the strategies employed by most U.S. REITs). The remainder are split between the retail (17%) and office/industrial (17%) property sub-sectors (see chart below).



### ***Related Articles***

The following articles are available on RatingsDirect, Standard & Poor's Web-based credit analysis system:

- "Landscape Shifts For Japan's Major Real Estate Companies As They Step Into Each Other's Turf", published May 11, 2006.
- "Rise of the REITs in Europe, as the UK and Germany plan Real Estate Investment Trusts", published April 24, 2006.
- "US Real Estate Companies Quarterly Insights: First Quarter", published April 18, 2006.
- "Industry Report Card: Australian Real Estate", published April 3, 2006.
- "Tempo For Singapore REITS Set To Pick Up, But Financial Profiles May Wane On Higher Gearing", published March 21, 2006.
- "Will Taiwan's Fledgling REIT Market Maintain Its Growth Momentum?", published Feb. 19, 2006.
- "J-REIT Credit Quality Diverging In The Wake Of 2005 Listing Boom", published Feb. 8, 2006.
- "Active Fourth Quarter Caps Event-Laden Year For U.S. Real Estate Companies Issuance Remains Above Average", published Jan. 17, 2006.
- "Industry Report Card: European Real Estate", published Dec. 6, 2005.
- "Regulator Gives Singapore REITs A Vote Of Confidence", published Oct. 25, 2005.
- "Australian LPTs' Credit Quality Diverges As Some Take On More Risk", published Sept. 7, 2005.
- "Rating Transitions: A Generally Favorable First Decade for U.S. REIT Ratings", published June 8, 2005.

Table 2

**Standard & Poor's - Global REIT/REOC Ratings****Ratings at June 9, 2006**

<i>Country/company</i>	<i>Structure</i>	<i>Property Sub-sector</i>	<i>Rating</i>	<i>Outlook</i>
<b>U.S.</b>				
AMB Property Corp.	REIT	Industrial	BBB	Stable
Apartment Investment and Management Co.	REIT	Apartments	BB+	Negative
Archstone-Smith Operating Trust	REIT	Apartments	BBB+	Positive
Arden Realty Inc.	REIT	Office	BBB-	WatchPos
Associated Estates Realty Corp	REIT	Apartments	B	Stable
AvalonBay Communities, Inc	REIT	Apartments	BBB+	Positive
Boston Properties Inc.	REIT	Office	BBB+	Stable
Brandywine Realty Trust Inc	REIT	Office/industrial	BBB-	Stable
BRE Properties Inc	REIT	Apartments	BBB	Stable
Camden Property Trust	REIT	Apartments	BBB	Positive
Capital Automotive LP	REIT	NNN	BB+	Stable
CarrAmerica Realty Corp.	REIT	Office	BBB	WatchNeg
Colonial Properties Trust	REIT	Diversified	BBB-	Stable
National Retail Properties Inc.	REIT	NNN (retail, office)	BBB-	Stable
Crescent Real Estate Equities Co.	REIT	Office/diversified	BB-	Stable
Developers Diversified Realty Corp.	REIT	Retail	BBB	Stable
Duke Realty Corp.	REIT	Office/industrial	BBB+	Stable
Equity Office Properties Trust	REIT	Office	BBB	Stable
Equity One Inc.	REIT	Retail	BBB-	Positive
Equity Residential	REIT	Apartments	A-	Stable
Essex Property Trust Inc.	REIT	Apartments	BBB	Stable
Federal Realty Investment Trust	REIT	Retail	BBB+	Stable
FelCor Lodging Trust Inc.	REIT	Hotel	B+	Stable
First Industrial Realty Trust Inc	REIT	Industrial	BBB	Negative
Forest City Enterprises, Inc.	Other	Diversified/developer	BB+	Stable
General Growth Properties, Inc.	REIT	Retail	BBB-	Negative
Glimcher Realty Trust	REIT	Retail	BB	Stable
Health Care Property Investors Inc.	REIT	Health care	BBB+	WatchNeg
Healthcare Realty Trust	REIT	Health care	BBB-	Stable
Health Care REIT Inc.	REIT	Health care	BBB-	Positive
Heritage Property Investment Trust Inc.	REIT	Retail	BBB-	Stable
Highwoods Properties Inc.	REIT	Office/industrial	BBB-	Negative
Hospitality Properties Trust	REIT	Hotel	BBB	Stable
Host Hotels & Resorts Inc.	REIT	Hotel	BB-	WatchPos
HRPT Properties Trust	REIT	Office	BBB	Stable
Irvine Apartment Communities, LP	REIT	Apartments	BBB	Positive
Kimco Realty Corp.	REIT	Retail	A-	Stable

Table 2

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Liberty Property Trust	REIT	Office/industrial	BBB	Stable
Lion Gables Residential Trust	REIT	Apartments	BB	Stable
Mack-Cali Realty Corp.	REIT	Office	BBB	Stable
Maguire Properties Inc.	REIT	Office/industrial	BB	Stable
National Health Investors, Inc.	REIT	Health care	BB	Stable
Nationwide Health Properties Inc.	REIT	Health care	BBB-	Stable
New Plan Excel Realty Trust Inc.	REIT	Retail	BBB	Stable
Newkirk Master Limited Partnership	Other	NNN (Office, retail, industrial, mixed)	BB	Stable
Omega Healthcare Investors, Inc.	REIT	Health care	BB	Stable
Pan Pacific Retail Properties Inc.	REIT	Retail	BBB+	Stable
Plaza Las Americas Inc.	Other	Retail	A+	Stable
Post Properties, Inc.	REIT	Apartments	BBB	Stable
Prime Property Fund LLC	REIT	Diversified	A	Negative
ProLogis	REIT	Industrial	BBB+	Stable
PRISA	Other	Diversified	A+	Stable
PS Business Parks Inc.	REIT	Office/industrial	BBB	Stable
Public Storage Inc.	REIT	Storage	A-	Stable
Realty Income Corp.	REIT	NNN (retail)	BBB	Stable
Reckson Associates Realty Corp.	REIT	Office/industrial	BBB-	Stable
Regency Centers Corp.	REIT	Retail	BBB	Positive
Senior Housing Properties Trust	REIT	Health care	BB+	Stable
Shurgard Storage Centers Inc.	REIT	Storage	BBB-	WatchPos
Simon Property Group, Inc	REIT	Retail	A-	Stable
Sovran Self Storage, Inc.	REIT	Storage	BBB-	Stable
Tanger Factory Outlet Centers Inc.	REIT	Retail	BBB-	Stable
Taubman Centers, Inc.	REIT	Retail	BB+	Stable
Truststreet Properties Inc.	REIT	NNN	BB	Stable
United Dominion Realty Trust Inc.	REIT	Apartments	BBB	Stable
Ventas Inc.	REIT	Health care	BB+	Stable
Vornado Realty Trust	REIT	Office/diversified	BBB+	Stable
Washington REIT	REIT	Diversified	A-	Stable
Weingarten Realty Investors	REIT	Retail	A	Stable
<b>Canada</b>				
BPO Properties Ltd.	Other	Office	BBB-	Stable
Brookfield Properties Corp.	Other	Office	BBB	WatchNeg
MorguardREIT	C-REIT	Diversified	BB	Stable
Ontrea Inc.	Other	Diversified/office, retail	BBB+	Stable
RioCanREIT	C-REIT	Retail	BBB	Stable
<b>Australia</b>				
Australian Prime Property Fund - Retail	PT	Retail	A-	Stable

Table 2

<b>Standard &amp; Poor's - Global REIT/REOC Ratings</b>					
CFS Retail Property Trust	LPT	Retail	A	Stable	
Commonwealth Property Fund	PT	Diversified	A-	Stable	
Commonwealth Property Office Fund	LPT	Office	A-	Stable	
General Property Trust Group	LPT	Diversified	BBB+	Stable	
Investa Property Group	LPT	Office/homebuilder	BBB+	Stable	
Lend Lease Corp. Ltd.	Other	Developer/property fund manager	BBB-	Stable	
Mirvac Group	LPT	Diversified/developer	BBB	Stable	
QIC Shopping Centre Fund	PT	Retail	A-	Stable	
Stockland Trust Group	LPT	Diversified/developer	A-	Stable	
Westfield Group	LPT	Retail	A-	Stable	
<b>Hong Kong</b>					
Cheung Kong (Holdings) Ltd.	Other	Diversified/developer	A-	Negative	
China Overseas Land & Investment Ltd.	Other	Developer/investor	BBB-	Stable	
Chinese Estates Holdings Ltd.	Other	Developer/investor	B+	Stable	
Hongkong Land Holdings Ltd.	Other	Office	BBB+	Stable	
Hopson Development Holdings Ltd.	Other	Developer	BB+	Stable	
Hysan Development Co. Ltd.	Other	Office, retail	BBB	Stable	
Kerry Properties Ltd.	Other	Diversified	BBB-	Stable	
Shanghai Real Estate Ltd.	Other	Developer	BB-	Stable	
Sun Hung Kai Properties Ltd.	Other	Retail, office, developer	A	Stable	
Swire Pacific Ltd.	Other	Diversified	A-	Stable	
Wharf (Holdings) Ltd.	Other	Diversified	BBB	Stable	
<b>Singapore</b>					
CapitaMall Trust	S-REIT	Retail	A-	Stable	
<b>Japan</b>					
Fukuoka REIT Corp.	J-REIT	Office, retail	A-	Stable	
Japan Prime Realty Investment Corp.	J-REIT	Office, retail	A-	Stable	
Japan Real Estate Investment Corp.	J-REIT	Office	A+	Stable	
Japan Retail Fund Investment Corp.	J-REIT	Retail	A+	Stable	
Mitsubishi Estate Co. Ltd.	Other	Diversified	A-	Positive	
Mitsui Fudosan Co. Ltd.	Other	Diversified	BBB	Positive	
Nippon Building Fund Inc.	J-REIT	Office	A	Positive	
Nomura Real Estate Office Fund Inc.	J-REIT	Office	A	Stable	
Sumitomo Realty & Development Co. Ltd.	Other	Diversified	BB	Positive	
Tokyu REIT Inc.	J-REIT	Office, retail	A	Stable	
<b>U.K.</b>					
Jones Lang LaSalle Inc.	Other	Property services	BBB-	Stable	
London Merchant Securities PLC	Other	Office, retail, hotel/leisure/exhibition centres	BBB	Stable	

Table 2

**Standard & Poor's - Global REIT/REOC Ratings****France**

Gecina	SIIC	Office, residential	BBB-	Negative
Klepierre S.A.	SIIC	Office, retail	BBB+	Stable
Societe Fonciere Lyonnaise S.A.	SIIC	Office, retail, residential	BBB-	WatchNeg
UNIBAIL HOLDING	SIIC	Office, retail, hotel/leisure/exhibition centres	A-	Stable

**Netherlands**

Rodamco Europe N.V.	BI	Retail	A	Stable
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**Belgium**

Befimmo S.C.A.	SICAFI	Office, retail, industrial	BBB	Positive
Cofinimmo S.A./N.V.	SICAFI	Office, retail, industrial	BBB	Stable

**Global total/average****BBB**

Note: "Other" structure includes any non-REIT REOC, separate account, limited partnership, etc. PT—refers to nonlisted or wholesale property trusts.

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