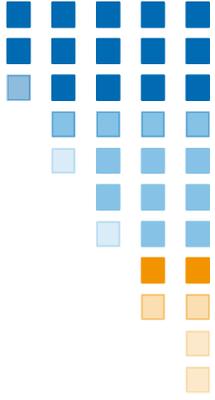




Flow of Funds Report

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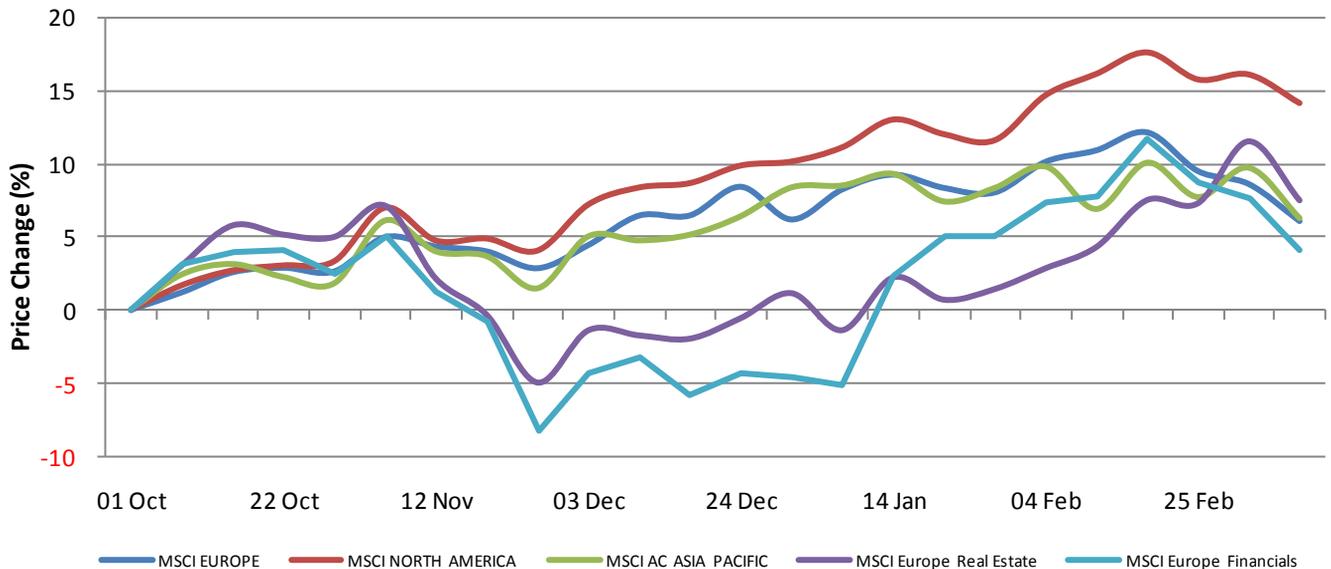
European Real Estate

Q4 2010

Market Performance & News



Equity Market Performance



Major Market News

European equities have seen positive increases in Q4 2010 despite worries over European sovereign debt. There is a renewed investor appetite particularly for developed equity markets, reversing the 18 month high inflows into the money markets seen earlier in the year and the two year trend of major inflows into emerging markets.

European Financials and Real Estate came back strongly after a poor start to Q4 to tag Asian price rises, however, 2010 as a year belonged to North American real estate (up nearly 40%) and APAC (up 27.5%) not Europe (up 16%).

"The combination of growth optimism and a benign view towards higher inflation provide a potent case for equity investment," said Gary Baker, head of European Equities strategy at BofA Merrill Lynch Global Research, January 2010 Fund Manager Survey. Whether the recent upward movement of equities and indeed Real Estate will continue through Q1 and beyond remains to be seen. The fear of sustained oil price increases arising from the ongoing instability across the Middle East and Libya, coupled with downward revisions to European and UK growth projections, has already led to sentiment on equities changing for the worse.

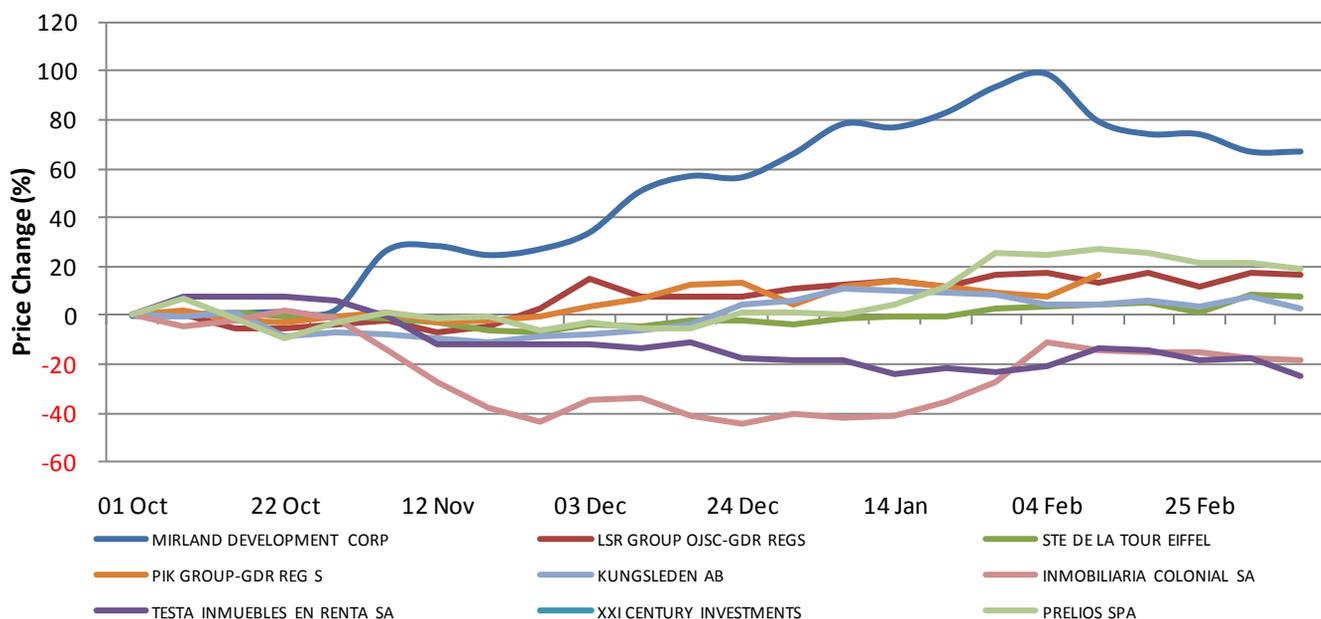
"While fears of recession remain remote, the threat of stagflation has risen," according to the March BoA ML survey findings. "In the space of two months, the proportion of fund managers anticipating below-trend growth and above-trend inflation has doubled to 38 percent. Among four possible outlooks, this is now the most common among respondents, and as a result the number of investors overweight in equities has declined back in favour of money market funds.

"On the continent, our preference is for pan-European retail owners with strong balance sheets that can help them play offense. We also like companies located in northern markets, which are relatively insulated from sovereign debt concerns and have seen significant improvements in their economies. We believe that fundamentals within Germany's residential market should remain strong." Cohen & Steers January 2011

Cohen & Steers's view is broadly supported by ownership trends in Q4 2010. Net investment was dominated by Russian and Scandinavian property companies, with UK and German companies coming in behind, with net selling dominated by Spain followed by Portugal and Italy.



Real Estate Stock Performance



Real Estate Sector News

Spain provides 3 of the bottom 5 least recommended stocks as if to underline the depth of that country's real estate woes; **Inmobiliaria Colonial** lost 40% of its value in Q4 and **Metrovacesa** lost nearly 30%. In tandem Inmobiliaria Colonial lost nearly \$1 billion of its public investors and was the 2nd most sold stock in dollar terms after **Unibail Rodamco**. But Unibail Rodamco, unlike Metrovacesa, has a much larger capitalisation and saw net divestment of under 10%; Colonial's missing \$954 million represented over 50% of its publicly stated investment where Metrovacesa (the second worst performer in price terms in Q4) lost only 8%. Other major Iberian losers were **Testa Inmuebles en Renta** (25% net divestment) and **Sonae Capital** of Portugal (21% net divestment when its share price fell by 11%).

Russian & CIS property were among the healthiest markets: **Mirland Development** saw net investment of 32% or \$135 million; **LSR Group** was up 54%, \$90 million; **PIK Group** saw buying a net 18% ahead of selling; while Ukrainian firm **XXI Century** saw a significant loss with net selling of 20.5%.

Scandinavia saw net buying in general, with **Kungsleden**, **Sjaelso**, **Norwegian Property** and **Atrium Lundberg** all seeing net investment of over 10%. **Klovern AB** was the only exception, seeing divestment of 4%.

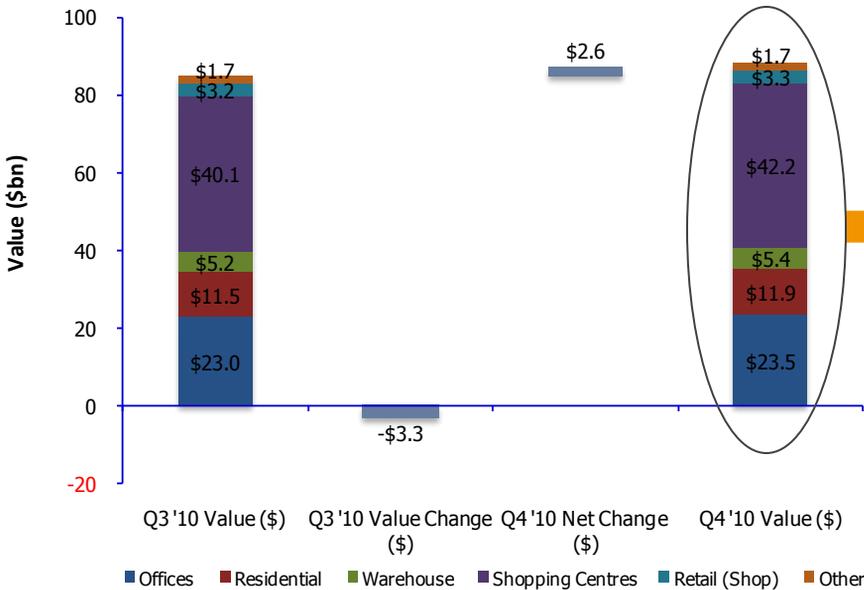
Changes in the Benelux real estate market were relatively slight, with **Eurocommercial Properties** most bought (12% net investment) followed by **Wereldhave NV** (up 8%), **Aedifica** (6%), and **VastNed Retail** (5%). **Corio**, one of the few Benelux real estate companies to fall in price in Q4, saw net divestment of only 3%. Most sold were **Unibail Rodamco** and **Plaza Centers**, both seeing 9% net divestment.

French real estate was more sold than bought. In the case of **Fonciere de Regions** (7% net divestment), **Societe Fonciere Lyonnaise** (-3.5%) and **Klepierre** (-3%) the damage was much more limited. **Societe de la Tour Eiffel** was the most bought French property stock (19% net investment in Q4 vs. a flat share price) on the back of its return to profitability in 2010 and has since announced an increase in its dividend. **Nexity** was the French property stock most backed by analysts in a quarter which saw its share price rise by 23% and net investment of 9.5%.

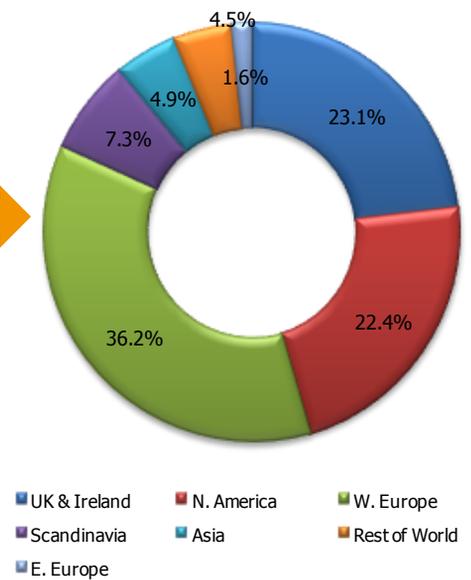
Real Estate Investment Overview



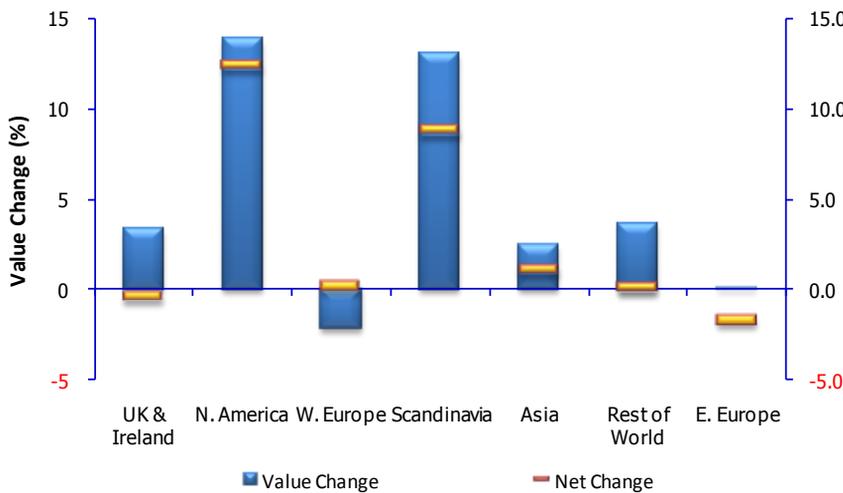
Total European Real Estate Investment – Q4 2010



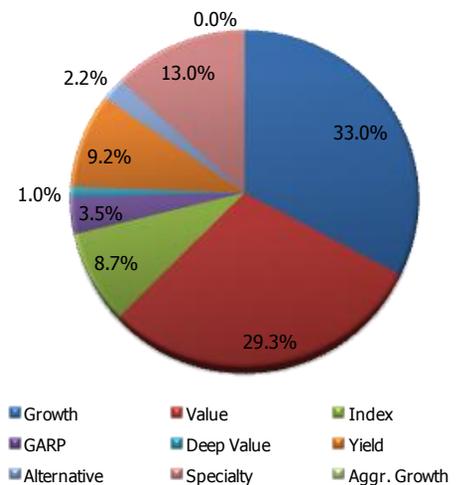
Geographic Ownership



Regional Investment Change – Q4 2010



Ownership by Style



US investors took a 12% net increase in European real estate positions in Q4, a massive rise led by ING Clarion who single-handedly accounted for 50% of the net investment in the sub-sector in the quarter. They launched a new European Real Estate fund in March 2010 taking in \$1.5 billion. They were followed by Scandinavian investors Norges, Varma and Ilmarinen - overall Scandinavian investment rose by 8%. Other investor regions, on the other hand, were largely flat with Western European investors net sellers.

The US buys were all made by specialty investors - ING Clarion being joined by Cohen & Steers and European Investors Inc. On the other hand the list of top sellers was completely dominated by growth investors led by Allianz and PGGM.

Real Estate Investment Overview

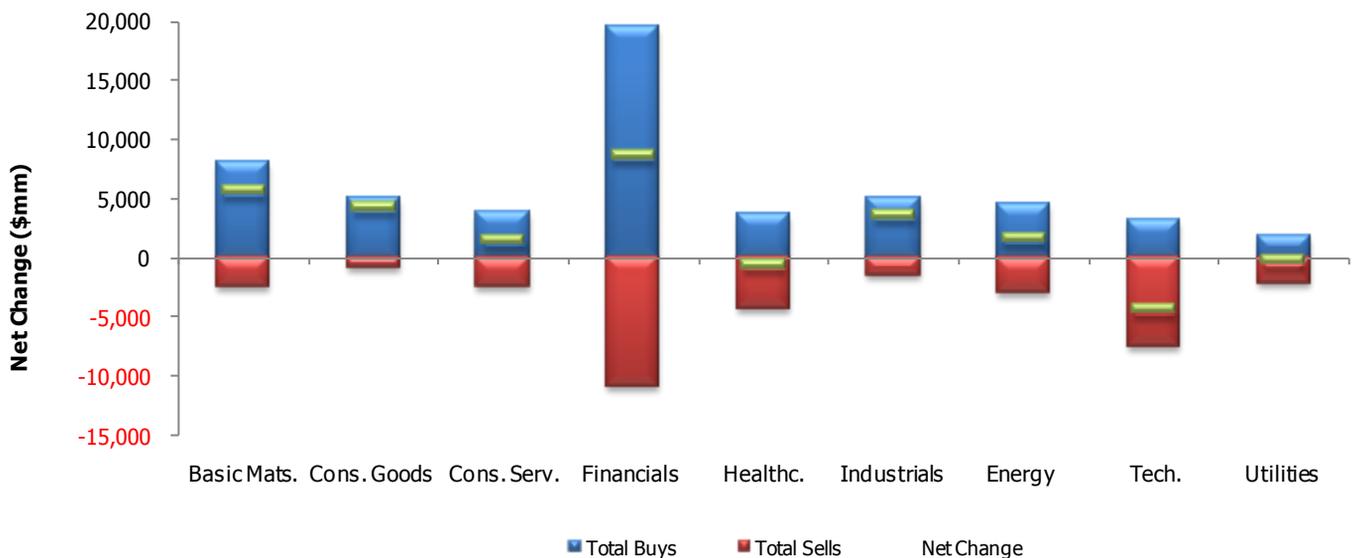


Sector Market Share Percentage Change – Q3 on Q4



Q4 saw further increases in value on previous quarters as recovery from downturn at the start of the year continued. Concerns regarding the wider economy did not seem to be affecting investors' overall appetite for real estate - an appetite focused very heavily on Shopping Centres which saw a 5% net increase in investment where other sub-sectors were fairly flat or in the case of Warehouses slightly negative.

Sector Buying & Selling Activity – Investors in Q4 2010



Heavy buying and selling of financials in general resulted in a noteworthy positive net \$10bn inflow. Basic Materials was also a positive sector with a \$5bn inflow as too was Consumer Goods with buys greatly outweighing the sales. The only significant outflow was seen in the Technology sector losing roughly \$5bn, as it lost its crown as most popular sector to Energy.

Top Holders, Buyers & Sellers



TOP HOLDERS	City	Investor Style	Q4 '10 Value (\$mm)	Q4 '10 Net Change (\$mm)
APG - All Pensions Group, LTD	Amsterdam	Yield	5,942,854	93,990
Caisse des Dépôts et Consignations (Asset Managemen	Paris	Specialty	2,959,876	0
BlackRock Investment Management (U.K.), LTD	London	Growth	2,833,919	32,288
Amundi Asset Management	Paris	Value	2,625,688	24,106
Cohen & Steers Capital Management, Inc.	New York	Specialty	2,142,343	275,015
Norges Bank Investment Management (Norway)	Oslo	Value	2,065,388	212,761
ING Clarion Real Estate Securities, LLC (U.S.)	Radnor	Specialty	1,718,790	1,195,648
Legal & General Investment Management, LTD	London	Index	1,665,382	49,478
PGGM Vermogensbeheer B.V.	Zeist	Growth	1,465,179	-158,209
BlackRock Advisors (U.K.), LTD (formerly Barclays Globa	London	Index	1,389,425	-39,193

TOP BUYERS	City	Investor Style	Q4 '10 Value (\$mm)	Q4 '10 Net Change (\$mm)
ING Clarion Real Estate Securities, LLC (U.S.)	Radnor	Specialty	1,718,790	1,195,648
Cohen & Steers Capital Management, Inc.	New York	Specialty	2,142,343	275,015
European Investors, Inc.	New York	Specialty	837,633	242,625
Norges Bank Investment Management (Norway)	Oslo	Value	2,065,388	212,761
Northern Cross, LLC	Boston	Value	390,032	175,041
State Street Global Advisors UK, LTD	London	Index	423,458	173,005
Morgan Stanley Investment Management, Inc. (U.S.)	New York	Growth	944,585	165,997
Varma Mutual Pension Insurance Company	Helsinki	Growth	187,904	126,058
The Vanguard Group, Inc.	Malvern	Index	597,181	121,442
Ilmarinen Mutual Pension Insurance Company	Helsinki	Yield	208,534	117,616

TOP SELLERS	City	Investor Style	Q4 '10 Value (\$mm)	Q4 '10 Net Change (\$mm)
Allianz Global Investors Kapitalanlagegesellschaft mt	Frankfurt	Growth	173,583	-207,790
PGGM Vermogensbeheer B.V.	Zeist	Growth	1,465,179	-158,209
Oaktree Capital Management, L.P.	Los Angeles	Value	129,586	-128,945
Investec Asset Management Pty., LTD	Cape Town	Value	109,220	-93,214
Schroder Investment Management, LTD	London	GARP	343,475	-82,733
Fidelity Management & Research Company	Boston	Growth	510,230	-72,708
Capital Research Global Investors (U.S.)	Los Angeles	GARP	119,609	-69,167
Goldman Sachs Asset Management, L.P. (U.S.)	New York	GARP	109,161	-67,235
Artemis Fund Managers, LTD	London	Growth	97,071	-64,111
Aberdeen Asset Managers, LTD (U.K.)	Aberdeen	Growth	398,867	-53,602

As of February 2011 the ING Clarion Global Real Estate Income Fund had only one European stock - Societe de la Tour Eiffel - in its top 10 portfolio holdings and less exposure to WEU real estate than to Australasian, suggesting that ING Clarion sees a repeat of 2010 results when European property performed at well below North American and Asian levels. Nonetheless their buys in Q4 2010 in Europe dwarfed activity by any other buyer or seller by a huge margin.



For more information about this report, please contact:

Philippe Risacher

Philippe Risacher
Director, Corporate Services

Ipreo
10, Rue du Colisée
75008 Paris
France
+33 1 56 59 16 22
philippe.risacher@ipreo.com

Andreas Posavac

Andreas Posavac
Director, Global Markets Intelligence

Ipreo
Siebensternagasse 31
A-1070 Vienna
Austria
+43 1 524 43 00 60
andreas.posavac@ipreo.com

Asad Butt

Asad Butt
Director, Corporate Sales

Ipreo
1st Floor, Castle House
37-45 Paul Street
London, EC2A 4LS
+44 (0)20 766 59787
asad.butt@ipreo.com

Evan Bernstein

Evan Bernstein
Director, Global Markets Intelligence

Ipreo
1st Floor, Castle House
37-45 Paul Street
London, EC2A 4LS
+44 (0)20 766 59735
evan.bernstein@ipreo.com

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