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## **Henderson is positive on medium term outlook for global property sector**

- **Overweight on Europe, particularly in Central and Eastern region**
- **Slow start for Asia despite a strong 2007**

Amid the recent credit crunch and the increasing likelihood of an impending US slowdown, Henderson Global Investors (“Henderson”) a leading independent global asset management firm with over US\$117.8 billion of assets under management (as at 31 December 2007), takes a positive view on medium term outlook for property sector.

“There is potential for the property sector to grow in the long run, despite weak investor demand,” says London-based Patrick Sumner who heads the Property Equities team at Henderson.

According to Mr Sumner, while sentiment is generally negative, several economies are likely to thrive despite a slowdown in the US, most notably the BRIC countries. For real estate companies, it is generally business as usual in terms of collecting and even increasing rental income. Capital values have fallen in most developed markets as a result of the credit squeeze and slowing rental growth, but the extent to which these values are reflected in stock prices varies around the world.

### **Positive but cautionary view on Asia Pacific**

After a relatively strong 2007, property shares in the Asia Pacific region have started the New Year badly. Hong Kong is down 22% after a 58% rise last year, while Japan continues its slide since June last year, with a 20% fall in 2008. And Australia, normally a safe port in a storm, is down 23% this year and down 32% in the last 6 months after one particular A-REIT, Centro Properties, ran into refinancing problems.

Frankie Lee, Singapore-based Co-Head of Property Equities (Asia) says, “Henderson expects better performance from Asian property stocks going forward. The recent US rate cut should spur monetary easing within Asia in order to maintain export competitiveness. Our positive view for domestic economies remains intact, encouraged by low household and corporate debt levels, healthy employment and domestic consumption. Investor demand, strong capital inflows, demand-supply imbalances and major infrastructure projects should continue to drive asset price reflation across the Asia region.”

### **Overweight on Europe particularly in Central & Eastern region**

Europe, on the other hand, has risen 5% (in US\$) in 2008, regaining some of the 25% it lost in 2007. Within the global property portfolio, Henderson is overweight in Central & Eastern Europe, especially Russia. Established developers continue to find opportunities, although access to finance is restricted. This overweight might be at the expense of the US, where declining consumer confidence and a weakening dollar pose a significant risk.

