

APRIL – JUNE 2009

Just like shares, Listed Property may give you a better return than, say, fixed interest or cash however it does have a different risk profile. Like shares, it can rise and fall a lot in price over the short term. But we're not talking about residential property here. We're talking about investing in listed property securities that invested in properties such as offices, hotels and shopping centres. These securities are usually more liquid (ie easier to cash in) than residential property, as they're listed on the sharemarket.

Review of the quarter

The S&P/ASX 200 Property Trust Accumulation Index increased 15.2% in the June quarter, outperforming the broader Australian equity market for the period.

The industrial sector was the best performer over the quarter. This can be attributed to ING Industrial Trust, which saw strong buying from retail investors in particular.

The diversified sector also outperformed for the quarter with small cap names again leading the way, Charter Hall Group was the best performer, benefiting from capital raising to a new strategic partner while also gaining index inclusion.

The retail sector slightly underperformed for the quarter with Westfield Group, CFS Retail and Bunnings Warehouse Property Trust all underperforming as investors looked for higher risk stocks.

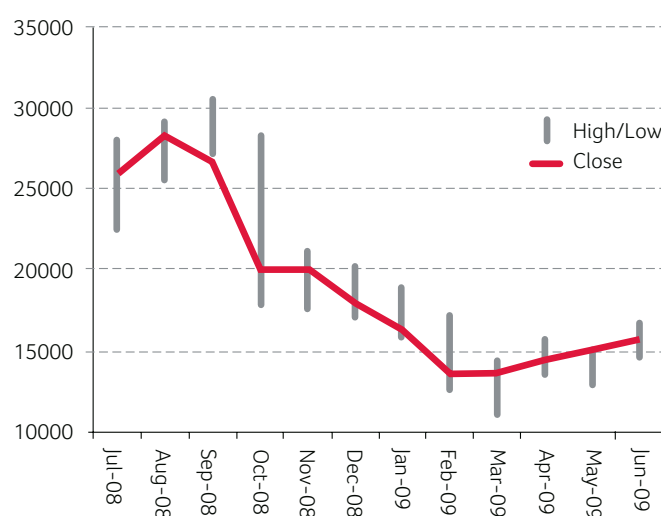
The commercial sector was the biggest underperformer for the quarter. This can be attributed to Commonwealth Office Trust, which was another defensive stock that saw investors sell and reinvest into other stocks further up the risk spectrum.

Outlook

Key areas of focus will continue to be around balance sheets and upcoming debt refinancing given the ongoing difficulties in accessing debt finance for property companies, and little evidence of this abating.

Some fund managers remain relatively cautious, continuing to position the portfolio more defensively until more clarity is received at the upcoming reporting season, especially given the strong rebound the sector has experienced over the past few months.

S&P/ASX 200 Property Trust Accumulation Index



The legal bits.

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