

JULY – SEPTEMBER 2009

Just like shares, Listed Property may give you a better return than, say, fixed interest or cash but 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 invest 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 share market.

Quarter 3 Review

The S&P/ASX 200 Property Trust Accumulation Index increased 30.5% in the September quarter, outperforming the broader Australian equity market by 9% for the period.

The industrial sector was the best performer over the quarter. ING Industrial Trust was the best performer after the Group announced that they have successfully renegotiated an extension to their debt facility and gained further headroom to their covenant levels.

The diversified sector also outperformed for the quarter with Mirvac Group the standout as investors looked to its operational leverage to a residential recovery.

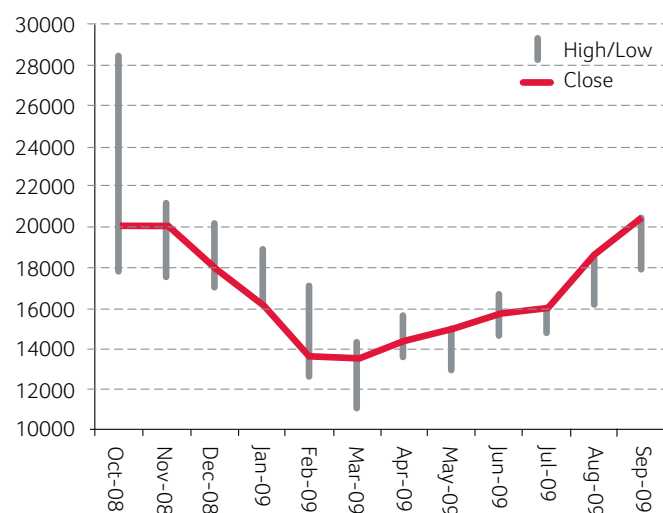
The retail sector slightly underperformed for the quarter with Westfield Group, CFS Retail and Bunnings Warehouse Property Trust all underperforming as investors looked for higher risk stocks.

The commercial sector was the biggest underperformer for the quarter, with the outlook statements from the recent reporting season highlighting the ongoing difficulties being experienced by property owners, with declining rents, increased vacancy levels and subdued demand.

Outlook

The global recovery story gained momentum in September prompting further upward revisions to analysts' forecasts for growth. The strong momentum from the broader equities market continued in September, as investors continue to gain confidence on the raft of more optimistic economic data and debt markets continuing to open up. While acknowledging that conditions have improved, much will depend on whether the improvement in the economy and credit markets can be sustained over the coming months.

S&P/ASX 200 Property Trust Accumulation Index



The legal bits.

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