

Global REIT's well placed to deliver solid performance

CFSGAM team increased to support turn around

Media release

18 February 2011

The global property securities sector is set to undergo a significant turnaround in 2011, with the return to solid performance driven largely by low interest rates and an abundance of liquidity. However, REIT's in some parts of the world will remain under pressure as weak economies and indebtedness continue to impact performance.

The latest Market Update from Colonial First State Global Asset Management (CFSGAM) reveals that initial signs of improvement are already evident, with many global property securities fairly priced and some pockets of very attractive valuations present.

According to the Update, downside risks to rent and occupancy income remain in some parts of the world however, conditions have improved remarkably, particularly in major global cities, and now provide significant support to income streams of trusts with quality properties. In addition, there are currently many REITs yielding very attractive premiums over 10-year Treasuries and CFSGAM is confident that REIT distributions are fairly stable at current levels.

Andrew Nicholas, Head of Property Securities at Colonial First State Global Asset Management, believes the outlook for global listed property in 2011 is positive.

"There has been a significant amount of negative sentiment towards REIT investments in recent years, particularly in the local market, as this asset class has lagged the Australian share market," said Mr Nicholas.

"However, 2011 is set to deliver the turn around the sector needs, with the outlook for global listed property positive on the back of an abundance of liquidity and low interest rates.

"CFSGAM believes property fundamentals are stabilising for high quality assets in good locations and consequently, our portfolio is positioned relatively defensively."

On the back of its 2011 outlook, CFSGAM is announcing a new appointment to its global property securities investment team – Marco Van Bussel in London. This follows the appointment of Louisa Fok as Senior Analyst Global Property Securities in Hong Kong last year. These appointments, which take the team to 13, will allow the CFSGAM business to capitalise on the expected turn around in the REIT market in 2011.

"Our Australian clients are increasingly looking for global investment opportunities," said Mr Nicholas.

“These recent appointments provide our clients with access to experienced and well respected investment professionals in key global markets, which will allow us to support sound investment outcomes.”

Mr Van Bussel, in his position as Portfolio Manager, will focus on property securities listed in continental Europe and the United Kingdom. Marco has 13 years experience and joins the team from Macquarie Funds Management in London.

The global property securities team manages the Colonial First State Global Property Securities Fund. The fund is A rated by both Standard & Poor’s and OBSR and invests in a broad selection of securities issued by real estate investment trusts or companies that own, develop or manage real property globally.

According to Mr Nicholas these appointments add significant depth to CFSGAM’s global property securities team at a time when the sector is set to experience a significant turn-around in performance.

“These appointments will help us to further increase the depth of our Asian and European coverage and they demonstrate our commitment to developing and enhancing our global property securities investment strategies.”

- Ends -

Notes to media:

About Colonial First State Global Asset Management

Colonial First State Global Asset Management is the consolidated asset management division of the Commonwealth Bank of Australia Group, one of the largest financial institutions in Australia. Colonial First State Global Asset Management is Australia’s largest manager of Australian sourced funds, employing more than 200 investment professionals.

At 31 December 2010, Colonial First State Global Asset Management managed more than A\$153 billion across a diverse range of asset classes including Australian and global shares, short term investments, fixed interest and credit, property securities, direct property, global resources, unlisted infrastructure and listed infrastructure securities.

Colonial First State Global Asset Management has been a signatory to the principles of the United Nations of Responsible Investment since March 2007.

The principles are an initiative developed by institutional investors in conjunction with the UN Environment Programme Finance Initiative and the UN Global Compact.

The UN PRI provide a framework for including environmental, social and governance (ESG) issues in investment decisions. Colonial First State Global Asset Management undertakes to utilise the framework provided by the UN PRI in aligning our investment processes with the objectives of our investors.

By embracing the Principles, Colonial First State Global Asset Management believes it can achieve better long term investment returns for our clients.

Media contact

For further information please contact:

Name	Telephone	Email
Danielle Woods	02 9303 0016 0428 230 218	danielle.woods@colonialfirststate.com.au