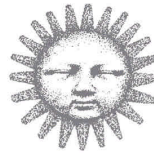

Deutsche Immobilien Aktien im Europäischen Umfeld



KEMPEN & CO

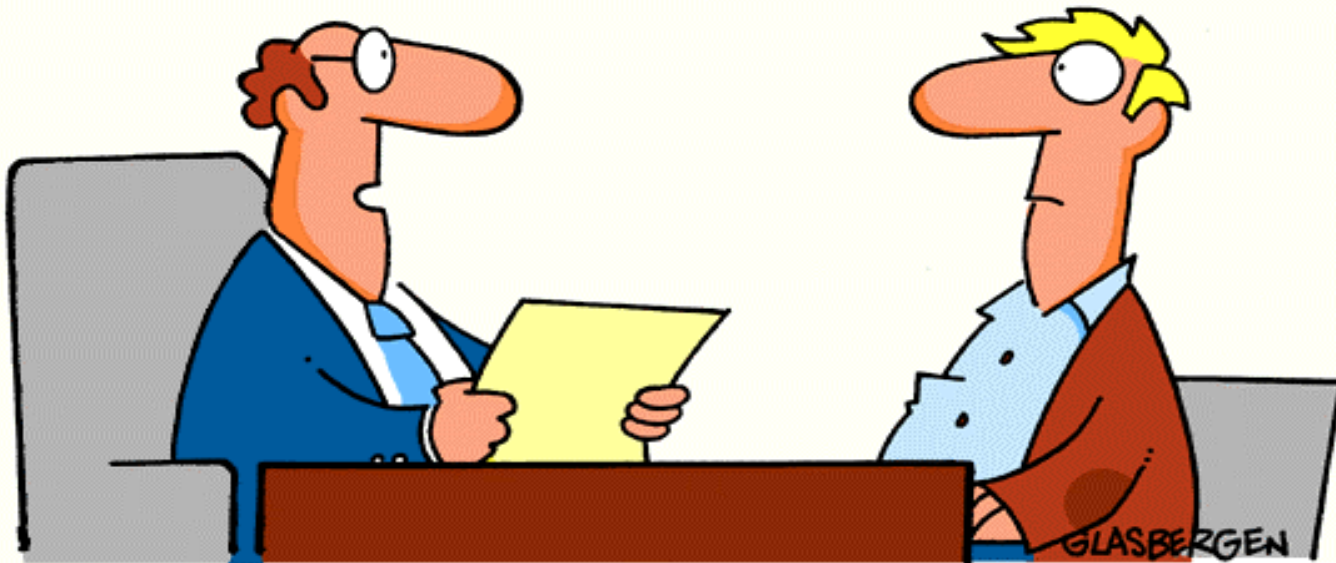
Merchant Bank

© Kempfen & Co

Poor equity markets lead to a new type of investment advice

Copyright 2002 by Randy Glasbergen www.glasbergen.com

Investments and Financial Planning



**"It's easy to have a million dollars when
you retire. Just invest ten million."**



Agenda

Introduction Kempen & Co

Cash is king

The German listed property sector

Concluding remarks



Kempen & Co is specialised in the European property sector

Property Research

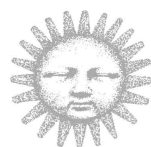
- Top 3 player in European Property Research
- Complete range of pan-European research products
- Internationally recognised
- 6 full time analysts and 2 GPR Index-specialists

Brokerage

- Prominent market position in European property stocks
- Substantial placement power
- Important liquidity provider
- 3 specialised sales-executives and 2 traders

Corporate Finance

- Extensive transaction-experience:
 - Mergers and Acquisitions
 - Capital Markets transactions
- Specialised team of 10 professionals



KEMPEN & CO

Merchant Bank

Kempen Capital Management

- Top 3 player in management of European property shares, AuM of € 700m
- Team of 4 specialised fund managers
- Managing both a listed fund (Orange European Property Fund) and mandates



Agenda

Introduction Kempen & Co

Cash is king

The German listed property sector

Concluding remarks



Investors focus on investments with high cash return and low risk

Macro trends

Aging population

Poor performance of equity markets

Comments

- The majority of Europe's pension funds will become cash paying instead of cash receiving within 5 years
- Despite declining equity prices, investors have started not to automatically invest fresh capital into equities



Impact on investment portfolio

Increased priority to **cash dividends** on investments to match liabilities

Investors (private and institutional) **reduce the risk** in their investment portfolios



Investments in property and REITs in particular fit perfectly into this picture

What is a REIT?

Definition

A Real Estate Investment Trust (or REIT, Bevak, SIIC etc) invests in property and does not pay corporation taxes at the precondition that it distributes all (or most) of its income to its shareholders

Impact for investor

- Taxation not on company but on shareholder level
- Cash dividend of 7% or more
- Limited risk due to low gearing (50% equity)



The property investment portfolio of investors

What is the expected composition of the property investment portfolio of institutional investors in the future?

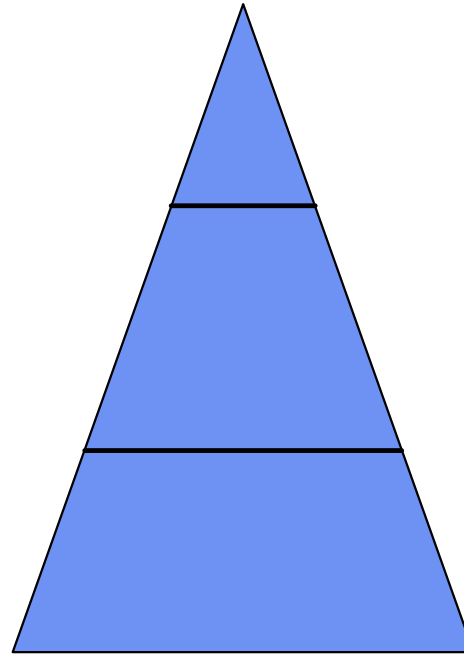
(based on client contact)

Listed property

Non-listed property

Direct property

only for large pension funds)



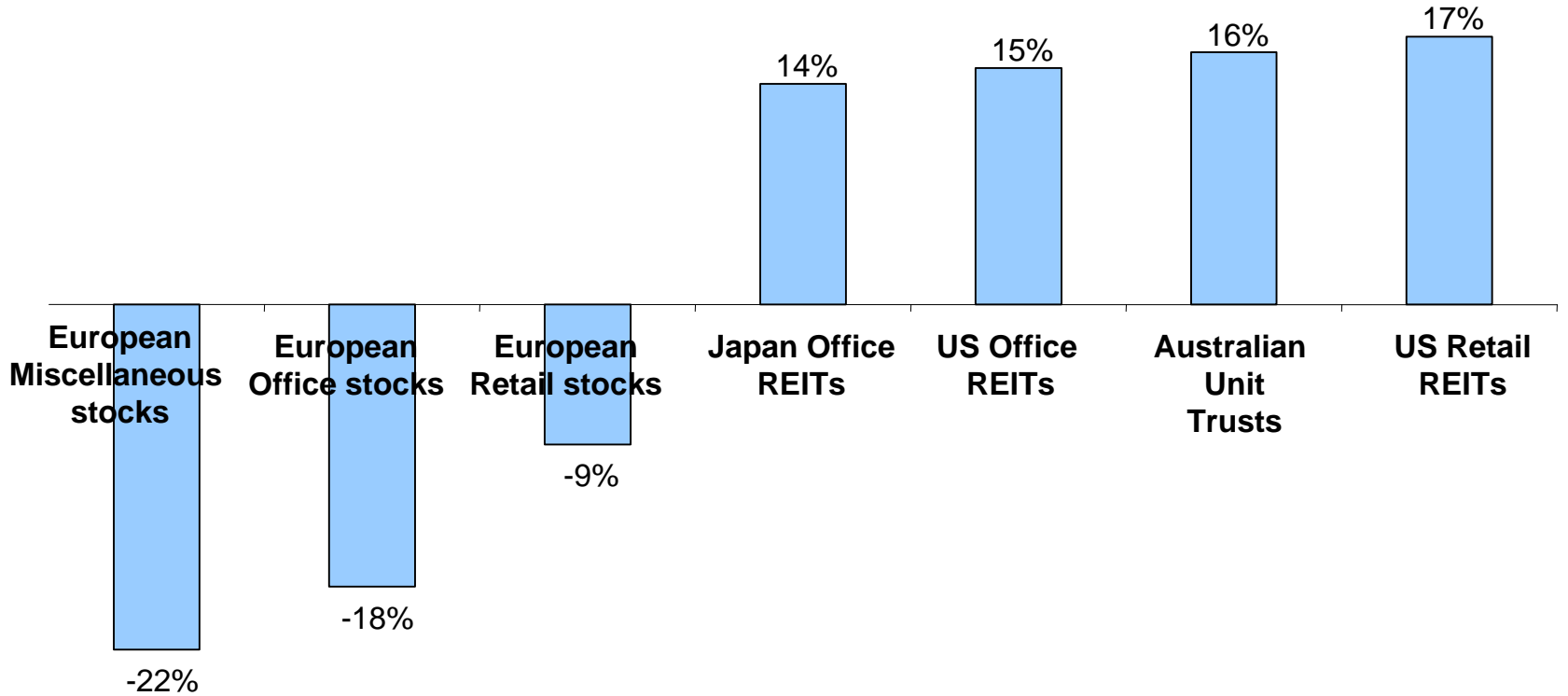
Listed property: (I) tactical over/under allocation; (II) international diversification and (III) temporary stalling of cash (liquidity!!!)

Non-Listed and Direct property: core of the property investment portfolio

The demand from general equity fund managers for listed property stocks also rises due to the take-up of property stocks in MSCI indices



Discounts and premiums to NAV around the world



Agenda

Introduction Kempen & Co

Cash is king

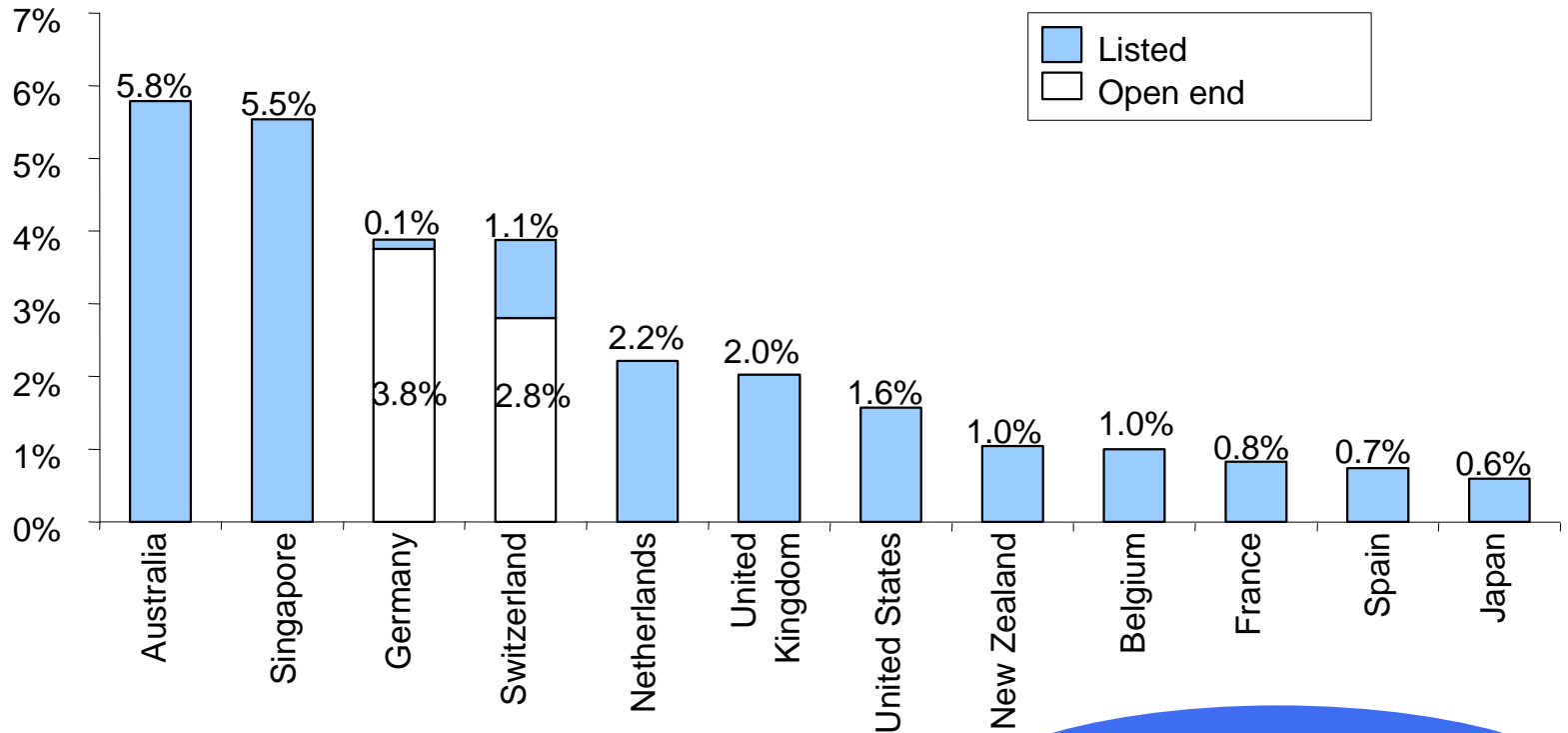
The German listed property sector

Concluding remarks



The German listed property sector is underdeveloped in a World-Wide perspective

Market capitalisation divided by GDP



German investors are positive to real estate investments



Which countries have REIT vehicles?

North America

Europe

Asia/Pacific

Existing REIT legislation

US
Canada

Netherlands
Belgium
France
Italy
Luxembourg
Turkey
South Africa

Japan
Australia
South Korea
Hong Kong
Taiwan
Singapore
Malaysia
Thailand
New Zealand

Possible REIT legislation

UK
Finland
Sweden

Philippines
India

Source: Mountaintop Research, Kempen & Co

UK tax authorities are currently in a consultation round for a possible introduction of a UK REIT



REIT structures for listed or non-listed companies?

Listed only

Hong Kong
France
Belgium

Listed+Non-listed

US
Canada
Netherlands
Japan
Singapore
Australia

Germany

open-end funds only

Source: Mountaintop Research, Kempen & Co



Agenda

Introduction Kempen & Co

Cash is king

The German listed property sector

Concluding remarks



What initiatives are being taken to change this picture?

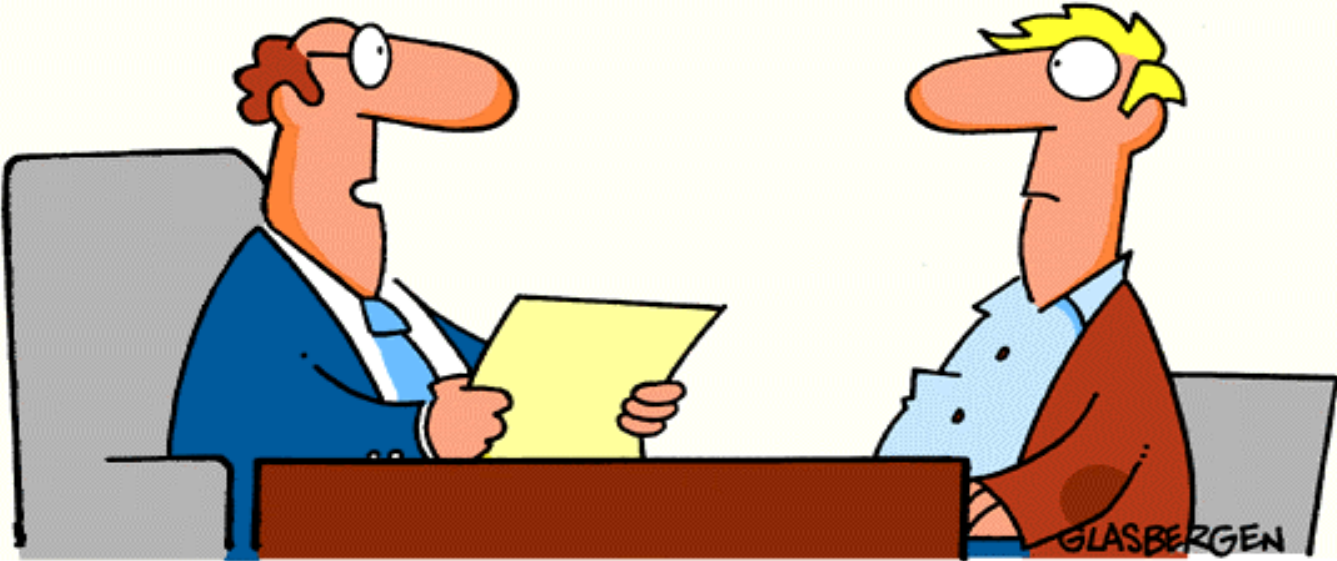
- New large companies have emerged like Deutsche Wohnen and Deutsche Euroshop
- Proposed change of the “Auslandinvestmentgesetz”, which makes it more tax efficient for German investors to buy shares of foreign property companies
- Most Dutch property companies have addressed the problem of the ‘black status’ already, which has taken away the “Strafbesteuerung” of 30% on both share price and dividends (thanks to Sal. Oppenheim)
- Proposed changes to the “Investment Modernisierungs Gesetz” can be seen as an early indication of a German REIT despite the fact that property companies are discriminated in the current proposals
- Let’s hope that IVG Immobilien will not be taken off the stock-exchange



With REITs in the investment portfolio, the following problems no longer exist...

Copyright 2002 by Randy Glasbergen www.glasbergen.com

*Investments and
Financial Planning*



**"It's easy to have a million dollars when
you retire. Just invest ten million."**



...but there are other ways to prepare for your retirement as well

© 2000 Randy Glasbergen. www.glasbergen.com

FINANCIAL PLANNING SERVICES



" The sports car and sailboat are investments for my retirement. I'm using them to attract a younger woman who can support me in my old age."

