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The effect of the changeability of investment strategies of European REITs on their performance

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Abstract

This explorative study researches the relation between the changeability of investment strategies of European REITs and their performance for the period from 2005 till 2014. The investment strategies for a sample of 20 REITs are determined by use of textual analysis of annual reports and nine strategic determinants. In order to determine the changeability of these strategies during this period, the Strategy Changeability Score (SCS) has been developed. The main findings of this study are that REITs do have different investment strategies and the changeability of these strategies is positively correlated with the preceding total returns (0.79). Thereby, outperforming REITs do change their investment strategies less often than underperforming REITs, but if they do change their strategies than it is more radical (approx. 50%) than underperforming REITs.

Statement of Originality

This document is written by Student Thomas Verheijen who declares to take full responsibility for the contents of this document.

I declare that the text and the work presented in this document is original and that no sources other than those mentioned in the text and its references have been used in creating it.

The Faculty of Economics and Business is responsible solely for the supervision of completion of the work, not for the contents.

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1 Introduction

The real estate market has been in a rollercoaster. Due to the economic crisis, the seemingly inexhaustible profits of the late nineties and early zero's came to an abrupt end in 2008. After a period of losses, depreciations and considerations the market is not only in an upward trend again, but there are even signals of a new record high transaction volume. The total property investment volume in Europe in 2014 was €213.1 billion[1], which was the highest since the peak in 2007 (Real Capital Analytics, 2015). Figure 1 illustrates these developments. Expected is that for the year 2015 the total real estate investment volume in this region will increase with another 20%, up to €247 billion (Cushman & Wakefield, 2014).

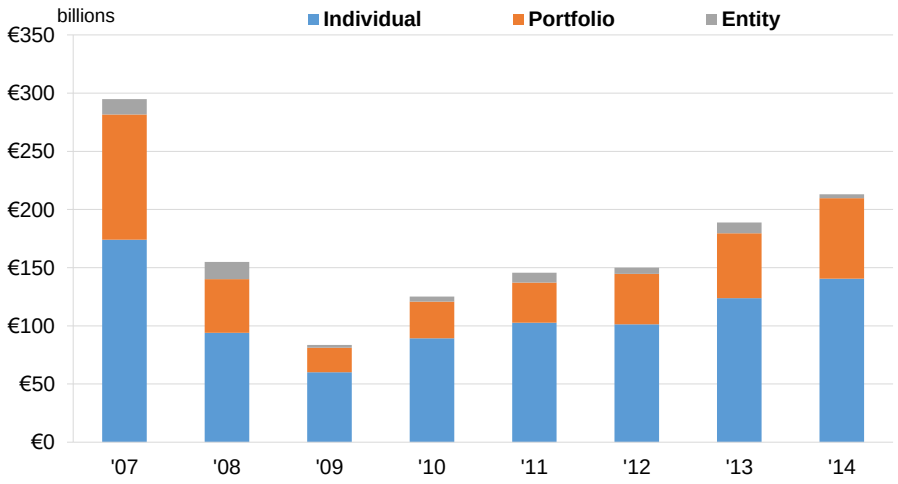


Figure 1 Total European real estate transaction volume 2007 – 2014 **(Real Capital Analytics, 2015)**

This increasing interest in European real estate can also be seen in the market for European Real Estate Investment Trusts (REITs). In the first eight months of 2014 $3.3 billion was raised by IPOs[2], which was already more than the double of the total volume in 2013 ($1.5 billion). Remarkable is that most of these new REITs did not own large real estate portfolios, but used the raised capital to acquire properties for the REITs. Besides, the interest of institutional investors in European REITs is increasing as well (The Wall Street Journal, 2014).

Regarding the fact that real estate itself is a relative illiquid investment asset and (therefore) has a focus on the longer term, and REITs are relatively liquid and therefore have a shorter investment

[1] Based on transactions of at least €5 million.
[2] Initial Public Offering

horizon, it is most likely that due to the changing market circumstances the past decade, REITs were 'forced' to revise their investment strategies. Because changing investment strategies of REITs will influence the risk and returns of the investors in these REITs, it is relevant to see what the effect is of the changeability of these investment strategies on the performance, and more specific in times of economic crisis. Because less is written about European REITs compared to US REITs, in this study the focus will be on the first one. Therefore the different strategies of 20 major European REITs are inventoried for the period 2005 to 2014. Briefly, the aim of this study is*: 'To provide insight in the effect of the changeability of investment strategies of European REITs on their performances'.*

The central research question of this study is:

> *'What is the effect of the changeability of investment strategies of European REITs on their performances?'*

In order to answer this question, the following sub-questions are formulated, of which the sum of the answers forms the answer of the central research question:

1. *What are the strategic determinants that are relevant for the investment strategies?*
2. *Which trends regarding investment strategies can be appointed, based on the textual analysis of the annual reports of European REITs?*
3. *What is the changeability of the investment strategies of European REITs?*
4. *What is the relation between investment strategies and their performance?*
5. *What is the relation between the readability of annual reports and the performance?*

The relevance of this topic is that not a lot of research has been done to the investments strategies of REITs in Europe, and more specific in the period around the economic crisis. This study will provide insight in the different strategies that were common between 2005 and 2014. Even more, this study will provide insight in the way these strategies changed during the crisis. This can be from added value for potential investors in these REITs, to decide if a REIT's level of adjustability is in line with their own preferred investment strategy.

To get insight in the investment strategies of different REITs from both before and during the crisis, information is used from annual reports complemented with actual performance data. In order to derive the strategies in a consistent and unambiguous way, relevant parameters are obtained from the literature, which together are used to form a theoretical framework. This framework will be filled in for each REIT and year with information from the non-financial part of annual reports, by use of textual analysis. Because the annual reports are the most important source of information in this

thesis, some tests regarding the readability of these reports are conducted. Finally, historic performance data of the REITs are consulted to see which (changes in) investment strategies, have resulted in the best performances. These performances include the total return, dividend yield, stock price, book-to-market ratio and the Sharpe-ratio.

This thesis is structured as follows. At first, in chapter 2 the literature on REIT investment strategies and determinants of REITs performance are discussed, in order to find an answer on the first sub-question. The methodology including the framework that is used to inventory the investment strategies, and a methodology that is developed to measure the changeability of investment strategies are discussed in chapter 3. The data that is used to test the hypotheses are described in chapter 4, including a brief statistical summary. The results regarding the (changeability of) investment strategies in relation to the REIT's performance are discussed in chapter 5. In chapter 6 the focus is exclusively on the readability of annual reports after which the conclusion and recommendations for further research are given in chapter 7.

2 Literature review

In this chapter relevant existing literature with respect to investment strategies is discussed and used to form a theoretical framework in order to inventory the different investment strategies. The main focus of this chapter is on answering the first sub-question regarding the relevant determinants of investment strategies.

2.1 REITs strategic determinants

In order to be able to determine the determinants of REIT investment strategies one should pay attention to general investment strategies. Probably the most well-known pioneer in investment strategies is Markowitz (1952) with his publication 'Portfolio Selection'. The main conclusion of Markowitz is that for an optimal risk-return portfolio, one should spread the investments among different assets. In other words: "Don't put all your eggs in one basket". In line with the work of Markowitz, Sharpe (1966) introduced the 'reward-to-variability ratio', which can be considered as the standard for measuring risk-adjusted returns. Nowadays this ratio is better known as the 'Sharpe-ratio'. The more diversified a portfolio is, the higher the return per unit of risk and thus the higher the Sharpe-ratio. This principle is one of the main reasons why investors choose for REITs: to get exposure to several assets (and property types) but with less risk.

After Markowitz, a lot of others studied strategies, but the number of recent publications about REIT investment strategies, and more specific the (determinants of the) changes of these strategies, are limited. No previous research has been done to the investment strategies of European REITs. Most of the studies regarding investment strategies focus on real estate in general or investments in REITs instead of the investments by these REITs themselves. Peyton (2008) studied investments styles and style purity of real estate investments. Therefore, she constructed a conceptual framework and formulated a definition of investment style by use of the NCREIF investment styles. The principle of a theoretical conceptual framework to determine investment strategies is applied in this study as well. Based on the literature the following nine relevant variables are determined as input for the strategic framework in this study: allocation to real estate, allocation to main property type, geographical focus, (main) property type, investment style, dividend, acquisitions, disposals and loan-to-value. Table 1 provides an overview of these nine relevant determinants and the literature from which these are obtained. The next paragraphs contain a brief description of the relevance for each of the relevant determinants including the related literature. Given the strong relation between acquisitions and disposals, these two variables are discussed together.

Table 1 Relevant determinants of REIT investment strategies based on literature.

This table contains nine relevant determinants of REIT investment strategies based on literature regarding REITs and real estate investment strategies. These determinants are selected based on both their relevance and the availability of information. Only determinants are included that are mentioned in at least two different independent studies.

#	Determinants	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A.	Allocation to real estate (%)			x					x
B.	Allocation to main property type (%)		x	x	x		x		x
C.	Geographical focus			x		x			
D.	(Main) property type		x	x	x		x		x
E.	Investment style						x	x	x
F.	Dividend pay-out (% of FFO)	x		x					x
G.	Acquisitions (% of volume)	x		x					
H.	Disposals (% of volume)	x		x					
I.	Loan-to-value (% of market value)			x				x	x

	Literature	**Topic**
(1)	Mohamad & Zolkifli (2013)	The performance of 45 Asian listed REITs from 5 countries from 2007-2011.
(2)	Anderson, Benefield & Hurst (2012)	The effect of property-type diversification in equity REITs from 1995-2006.
(3)	Geltner, Miller, Clayton & Eichholtz (2014)	Commercial Real Estate Analysis and Investments.
(4)	Benefield, Anderson & Zumpano (2009)	Performance differences in property-type diversified versus specialized REITs.
(5)	Eichholtz, Koedijk & Schweitzer (2001)	Global property investment and international diversification from 1984-1995.
(6)	Patel, Pereira & Zavodov (2009)	Property risk premium and the volatility of REITs.
(7)	Ooi, Wang & Webb (2009)	Idiosynctratic risk and REIT returns.
(8)	Baczewski, Hands & Lathem (2003)	Real estate investment styles.

2.1.1 Allocation to real estate

In order to become a REIT, a company has to meet several requirements. One of these requirements is the minimum allocation of the total assets to real estate. Those minimums differ per country, as can be seen in appendix 2. For two countries (Germany and UK) at least 75% of the total assets has to be real estate, for one country (Italy) 80%, and for three countries (Belgium, France and the Netherlands) there are no strict requirements regarding the allocation to real estate. Both Geltner, Miller, Clayton and Eichholtz (2014) and Baczewski, Hands and Lathem (2003) mention the relevance of this ratio. The main reason behind this is that if one wants to have exposure to real estate, it is relevant if one invests in a REIT which has only exposure to real estate or also to other (financial) assets, such as bonds. In the latter case one would not have purely exposure to real estate. In this study the allocation to real estate is expressed as the percentage of the market value of the real estate portfolio in relation to the total asset value. The market value is used because this variable is revalued on an annual basis and is therefore a better representation of the real market value than the book value, which is merely an accountancy approach.

2.1.2 Allocation to main property type

In most countries REITs are obliged that a minimum percentage of their assets comprises real estate. However, there are no requirements regarding the exposure to different types of real estate. According to several studies, such as Anderson, Benefield and Zumpano (2009), the exposure of a REIT to one, two or more different property types is from influence on the performance of a REIT. Anderson et al. (2009) conclude for the period 1995 to 2006 that there is a strong positive relation between property-type diversified REITs and return on assets, return on equity and Tobin's Q[3]. According to this theory, one can expect that if a REIT has a low exposure to one specific property-type, and thus less property-type specific risk, the returns will be higher. This study will focus on the decade after the period of interest from Anderson et al. (2009), and provide indications whether diversified REITs still perform better in comparison to non-diversified ones. On the other hand, if a REIT focusses on only one property type, such as industrial, the management has the possibility to compute a team with specialists regarding that specific property type. Therefore it is most likely that a specialized REIT has a better performance for that specific type, than other REITs with a more diversified portfolio and less specific knowledge.

[3] Tobin's Q, or Q-ratio, is a performance ratio that can be computed as the market value of all assets (equity and debt) divided by the book value of the total assets (Tobin, 1969).

2.1.3 Property type

Besides the strategic determinant that a REIT has exposure to one or several property-types, the property-types themselves are also relevant. The most common property types amongst 204 REITs in the USA are retail (approx. 26%; shopping centers, malls, high-street retail), residential properties (approx. 13%) and offices (approx. 12%). Other less common property types for American REITs to specialize in are self-storage, hospitality, health care, timber and industrial (NAREIT, 2015). Although exact recent numbers for European REIT are not available, a study from Eichholtz and Kok (2007) shows a similar top three as American REITs. Differences outside this top three are that there are relatively more European REITs that focus on industrial properties and relatively more American REITs that invest in healthcare real estate and resorts.

2.1.4 Geographical focus

In their study to the costs of international diversification, Eichholtz, Koedijk and Schweitzer (2001) compare the performance of international operating property companies with property companies that invest only in their domestic market. They find that for the studied period (1984-1995) companies that focus on their domestic market perform better than international orientated companies. The explanation for the higher performance of more local REITs is that they have more specific knowledge about their domestic market, and therefore have the possibility to outperform other investors without that knowledge about the local market. Thereby they find evidence for a positive relation between the size and performance of international REITs, which can be explained by the 'scale of economics'.

2.1.5 Investment style

In order to be able to determine the risk return class of a certain investment, the NCREIF applies a distinction between three investment styles (in increasing order of risk): core, value-add and opportunistic. Due to the fact that every asset is unique, no strict boundaries are formulated in order to fit a specific property to one of the three investment classes. The distinction between the different investment styles is often expanded with another investment style which is categorized between core and value-add: core-plus (Cushman & Wakefield, 2015). Appendix A shows an overview of the definitions and attributes of these four investment styles that will be used in this study, based on Cushman & Wakefield (2015), NCREIF (2003) and Peyton (2008).

2.1.6 Dividend pay-out

One of the most important principles of REITs is that they are obliged to pay-out at least a prescribed percentage of the (net) rental income or profits. As can be seen in the overview of characteristics and requirements for the studied countries in Appendix B, the minimum distribution requirements

differ per country, and for some countries include the pay-out of a part of the capital gains as well. Considering the fact that these requirements are minimum amounts (e.g. for Belgium REITs 80% of net profits excl. capital gains), REITs can decide themselves to pay-out more than this, in order to provide the investors higher direct returns and therefore be more competitive to other REITs. On the other hand, in times of economic decline, such as the economic crisis, most of the REITs have the possibility to distribute less than required, the consequence being that they have to pay a fine the next year. Due to these considerations the dividend pay-out is taken into account as 'strategic determinant' in this study.

2.1.7 Acquisitions

Part of this is research is about the way strategies have changed in the period around the crisis and in which way these changes have influenced the portfolio composition. In order to obtain an indication of the extend in which the (re)new(ed) strategies are actually being implemented, it is interesting to see for each year how many new properties have been acquired. To be able to compare this number between the different REITs, the volume of acquisitions is inventoried in line with the approach of Geltner et al. (2014). This means that for each year the value of the acquired properties is expressed as a percentage of the total portfolio value. Thereby, it is possible that as a consequence of a change in investment strategy part of the current portfolio is considered as being non-strategic, and thus has to be sold. Therefore, it is interesting to inventory the level of disposals as well. To be able to compare both kinds of portfolio transformations, the level of disposals will be expressed similar to the level of acquisitions as a percentage of the total portfolio volume. Given the strong relation between both variables they will be discussed together throughout this thesis.

2.1.8 Loan-to-value

The overview with REIT characteristics and requirements in Appendix B show that the REIT regime in some countries includes a maximum allowed loan-to-value (LTV) ratio (Belgium 65%, Germany approx. 66% and the Netherlands 60%). For the other countries that are topic in this study (France, Italy and the UK) there are no restrictions regarding the LTV. Due to the fact that a higher LTV results in a higher leverage, and therefore possibly higher returns, it is interesting to see which LTV ratios are common for REITs in both countries with and without restrictions. Ooi, Wang and Webb (2009) find evidence in their study to idiosyncratic risk and REIT returns that equity-debt ratio (comparable to LTV) is from influence on the pricing, and thus performance, of REITs. Given the fact that the LTV ratio influences risk and return and can (partly) be determined by the REIT themselves, it is considered to be the ninth strategic determinant of REITs investment strategies.

3 Methodology

In this chapter the methodologies that are used in this study are explained. First, the methodology regarding identifying investment strategies is discussed, after which the method that is developed and used to measure the changeability of investment strategies is described.

3.1 Identifying investment strategies

The use of annual reports as the most important data source results in the fact that this thesis has a more qualitative than quantitative focus. Thereby, studies in the field of investment strategies of REITs are rare. In this study an attempt is made to form a conceptual framework that can be used to identify (the changeability of) investment strategies of REITs. Given the limited amount of literature in this specific field and the qualitative approach of this study, the focus of this study can be classified as being explorative. Part of this explorative character, due to the extensive character of analyzing annual reports, is that the studied sample of REITs is limited. In total 20 REITs are studied of which at maximum five REITs are from the same country. This quota is formulated in order to avoid that the focus in this research is only on one of two countries. The total sample comprises six countries. The main goal of this study is to provide insight in the changeability of the investment strategies of European REITs. In order to increase the likelihood of identifying a change in the investment strategy, the time period studied concerns the years from just before to shortly after the economic crisis. The (economic) changes during this decade (2005 – 2014) had such an impact, that it is likely that the majority of the REITs had to adapt their investment strategies to make sure that their performance remained on a desired level, or at least outperformed the benchmark.

An important characteristic of this study is that it is mainly qualitative. Therefore no econometric models are used. The methodology applied in this study is textual analysis of annual reports. In line with the studies of Kloptchencko et al. (2004), Alstermark and Hegefjärd (2006) and Dempsey et al. (2012) the most important reason to apply textual analysis is to identify trends and structures. To identify these trends and structures, it can be useful to have a clear focus by making a conceptual framework of the variables that will be studied (Miles & Huberman, 1994). In this study the main cluster consists out of 9 strategic variables that are derived from the literature and that form together the (theoretical) conceptual framework.

In order to be able to inventory the strategic variables for each REIT and year, a classification is made for each variable (see Table 2). The aim of this classification is to maintain sufficient information to distinguish different investment strategies, and to make it possible to quantify qualitative information. The latter issue is most relevant regarding the variables geographical focus, (main) property type and (main) risk / investment class. The input for the classes 1 till 5 is based on

literature and further refined with use of data retrieved from the textual analysis. For example input from the (main) property types and investment styles are directly obtained from the literature (please see *2.1.3. Property type* and *2.1.5 Investment style* for more detailed information). The exact classification of variables like the allocation to the main property type and the relative share of acquisitions and disposals are determined after the raw data was inventoried, such that a best fitted scale could be formulated. Finally, one should take into account that a number of the class does not have any value in terms of preferences. In other words, class 1 is not 'better' than class 5 and vice versa.

Table 2 Classification of strategic variables

This table shows an overview of the strategic variables and the way how these are classified. The possible outcomes are divided amongst 5 classes that differ per strategic variable. From the 9 variables, 6 classes comprises ranges in percentages and 3 are characterized through a classification in qualitative categories. The range of the classes are based on literature and/or by trial and error. One should note that the classes are no grades, e.g. class 1 is better (or worse) than class 5, but practical tools to identify different investment strategies. Appendix F shows the strategic radar charts including the classifications as discussed in here.

#	Strategic variables	Classification				
		1	2	3	4	5
A.	Allocation to real estate (%)	*75 - 80*	*81 - 85*	*86 - 90*	*91 - 95*	*96 - 100*
B.	Allocation to main property type (%)	*<60*	*60 - 70*	*71 - 80*	*81 - 90*	*91 - 100*
C.	Geographical focus	*Specific city*	*Specific region*	*Specific country*	*2 - 3 countries*	*> 3 countries*
D.	(Main) property type	*Industrial*	*Office*	*Residential*	*Retail*	*Other*
E.	Investment style	*Redevelopment*	*Opportunistic*	*Value add*	*Core+*	*Prime*
F.	Dividend pay-out	*<80*	*80 - 85*	*86 - 90*	*91 - 95*	*≥96*
G.	Acquisitions (% of market value portfolio)	*<1*	*1 - 2*	*3 - 4*	*5 - 6*	*≥7*
H.	Disposals (% of market value portfolio)	*<1*	*1 - 2*	*3 - 4*	*5 - 6*	*≥7*
I.	Loan-to-value	*<35*	*35 - 38*	*39- 42*	*43 - 46*	*≥47*

It is likely that during the process of analysing the annual reports also other additional variables tend to be relevant. According to Miles and Huberman (1994) this learning-on-the-job behaviour is typical for qualitative research. For that reason, during the analysis of each annual report relevant variables are inventoried as well, such as the number of assets or the total lettable floor area of a REIT, that initially were not part of the theoretical framework. It is possible that due to this approach results can be found that otherwise would have been overlooked.

3.2 Strategy Changeability Score

In order to see what the effect is of the changeability of REITs investment strategies on their performance, both the changeability of these strategies and the corresponding performances are analyzed. For the latter standard performance indicators are used, namely the total return, stock price, book-to-market ratio and the Sharpe-ratio. For the changeability of investment strategies no

useful standards or common methodologies exist. Therefore in this study the Strategy Changeability Score (SCS) has been developed. This score is based on the following three principles:

1. For the years 2006 till 2014 for each REIT and strategic determinant the absolute changes in classes regarding the previous year are counted (i.e. '1' point per change). The absolute changes are used because it does not matter if the change is to a higher or lower class, but if there is a change at all. Thereby, omitting absolute values would result in a biased picture due to balancing positive and negative changes.
2. If an adaption jumps two, three of four classes between two successive years, then these changes are valued double regarding a single jump change ('4', '6' and '8' points, respectively). This is because for example the impact of a change in dividend pay-out from 80% to 85% has less impact on the total strategy change than an increase in dividend pay-out from 80% to 95%. Thereby, it is likely that a change in a strategic variable of two or more classes is the result of a revised investment strategy and that a change of only one class could be the result of more minor changes due to other (less relevant) factors. Due to the fact that a change in the variable property type is always from 'equal impact', regardless if it is one change in class or more, an adaption is always valued with '1' point.
3. Assumed is that not all of the nine strategic variables do have an equal impact on the investment strategy. Regarding the limited literature on this field, the explorative character of this study and the limitations in resources, it is not possible to determine these weights extensively. Nevertheless, it is better to make an assumption of these weights instead of not paying attention to it at all. Given the long-term characteristics of real estate, a significant change in an investment strategy is an event that will not take place on an annual basis, but probably less often like one or two times per decade. Taken this reasoning into account, it is plausible that strategic variables in which adaptions occur less frequently, do have a relatively higher impact on the total investment strategy. In this study the variables that are responsible for less than 5% of the total absolute changes during the studied decade, are considered as being relatively more important. Therefore, changes in these strategic variables; investment style, geographical focus, (main) property type and allocation to main property type, are multiplied with a factor '3'.

The final Strategy Changeability Score is calculated by summarizing the 'points' for each year per REIT and correcting it with a factor in such a way that the mean of the SCS for each year and REIT is exactly '1.0'. This factor is obtained by use of Excel Solver. To end up with an indication of the effect of the changeability of investment strategies on their performance, the correlations between the

SCS and the performance indicators are calculated. Given the slow nature of the real estate market (c.q. the pork-cycle) these correlations are determined for the SCS and the performance indicators for both the same year and the year before.

3.2.1 SCS example

In order to clarify the SCS methodology, in Table 3 the calculation of the SCS for the French Klépierre for the year 2008 is further specified. Regarding the fact that the SCS represents the change in investment strategy between year 'n' and the year 'n-1', the classes and class numbers for each strategic variable for both 2007 and 2008 are shown. The three columns on the right side correspond with 1st, 2nd and 3th principle as stated in *3.2 Strategy Changeability Score*. Therefore at first the absolute differences are measured (1st principle), after which the values higher than '1' are doubled (2nd principle). In the rightmost column the values for the variables B, C, D and E are tripled according to the 3th principle. The final step to calculate the SCS is to sum the total corrected changes (25) and divide this number by the correction factor in order to make that the average SCS equals '1.0'. In this example the SCS is approx. 2.5.

Table 3 Example of the calculation of the Strategy Changeability Score (SCS)

This table provides an example of the calculation of the Strategy Changeability Score (SCS) for the French Klépierre for 2008. At first the absulate difference between the strategy classes between 2008 and 2007 are determined, according to the 1st principle, after which the values of '2' or higher are doubled according to the 2nd principle. The 3th principle is applied in the rightmost column, were the values for the determinants B, C, D and E are tripled. Finally, in order to obtain the SCS (2.5) the sum of the corrected values (25) is divided by the correction factor (9.862375).

#	Strategic determinant	2007		2008		Strategy change		
		class	#	class	#	uncorr. (1)	corr. (2)	corr. (3)
A.	Allocation to real estate (%)	96 - 100	5	96 - 100	5	0	0	0
B.	Allocation to main property type (%)	81 - 90	4	91 - 100	5	1	1	3
C.	Geographical focus	> 3 countries	5	> 3 countries	5	0	0	0
D.	(Main) property type	Retail	4	Retail	4	0	0	0
E.	(Main) investment style	Value add	3	Prime	5	2	4	12
F.	Dividend pay-out (%)	<80	1	86 - 90	3	2	4	4
G.	Acquisitions (% of real estate volume)	3 - 4	3	5 - 6	4	1	1	1
H.	Disposals (% of real estate volume)	<1	1	1 - 2	2	1	1	1
I.	Loan-to-value (%)	39- 42	3	≥47	5	2	4	4
							Sum:	*25*
							Correction factor:	9,862375
							Strategy Changeability Score (SCS):	**2,5**

(1): Conform principle 1 as stated in *3.2 Strategy Changeability Score*

(2): Conform principle 2 as stated in *3.2 Strategy Changeability Score*

(3): Conform principle 3 as stated in *3.2 Strategy Changeability Score*

4 Data

In this chapter the used data of this study are discussed. At first the datasets are described, divided amongst annual reports and performance data. This chapter is concluded with a statistical summary of the composed dataset based on the annual reports.

4.1 Datasets

4.1.1 Annual reports

According to the data of SNL the number of REITs in Europe in 2014 was 211. Given the limitations in resources in this study it is not feasible to analyze all of these REITs. For that reason a sample has been created consisting out of 20 European REITs based on the 'Global REIT Survey 2014' from the European Public Real Estate Association (EPRA, 2014). In this study for each European country with a REIT regime the top 5 of the largest REITs are shown based on the market capitalization. In total 16 countries are included in the survey of which the number of REITs per country vary between 0 (Ireland) and 33 (France). In order to obtain a representative sample no more than 5 REITs per country are included. The final sample group consists out of 20 REITs from 6 countries: Belgium, France, Germany, Italy, the Netherlands and the United Kingdom. An overview of the different REITs is shown in appendix C.

For each of the 20 REITs the period from 2005 till 2014 has been studied. Due to the fact that some of the REITs had their IPO in this period, it is hard to find all the annual reports of these REITs from the early years. As a result of this, in total 196 annual reports are studied. In some cases, especially between 2007 and 2010, the annual reports consist out of two parts: a textual strategic part and a financial part. In this case the readability analyses are performed on the strategic part, and the data such as the volume of acquisitions and the allocation to property type are obtained from the financial part.

4.1.2 Performance data

In order to be able to answer the research question, quantitative performance data is used in this study. With use of the dataset from SNL (2015) for each REIT (with exception of Corio due to its merger with Klépierre in the first quarter of 2015) performance data are collected. Considering the fact that the emphasis in this study is on qualitative instead of quantitative research, the used performance data is limited to the following five performance indicators: total return, stock price, dividend yield, book-to-market ratio and the Sharpe-ratio. Most of the raw data consists out of performance indicators on a daily basis, and is therefore transformed into data on an annual basis.

4.2 Statistical summary

From the literature 9 relevant strategic variables are determined. Nevertheless, it is possible that for this specific target group more relevant variables can be identified based on the analyses of the annual reports. For that reason an additional 26 variables have been derived from the annual reports. Together with the 9 strategic variables and the 14 variables related to the textual analysis a total of 49 variables have been analyzed from the annual reports. The total list of variables including the summary statistics for each of the strategic variables (number of observations, minimum values, maximum values, means, medians and standard deviations) is shown in appendix D.

Because the structure and exact content differ between the annual reports, it is not possible to derive information for each of these variables out of the reports. In total 8,733 variables are inventoried which equals a coverage ratio of 90.9%. The number of observations per variable vary between 54 (Weighted Average Lease Term) and 197 (i.e. Total amount of assets). Most of the observations are obtained from the more recent annual reports. This is because some of the REITs had their IPO during the period under study, and had less obligations before (regarding their shareholders) to justify their (investment) decisions in the annual reports. Thereby, on average older annual reports are less comprehensive and consist out of less pages than the more recent ones (137 pages in 2005 versus 247 pages in 2014).

Some interesting issues regarding the means of the variables can be identified. For example, the average gross floor area of the sample REITs is approx. 1.7 million square meters divided amongst 272 assets and the average occupancy rate for each year varies between 94% and 95%. In line with the expectations the interest coverage ratio (ICR) was at its lowest point (2.8) in 2008 and increased the past four years up to the current 3.5. In contrast, a peak of the highest mean of the WALT was in 2007 (9.6 years) after which it decreased on average every year, till 6.5 years in 2014.

With regard to the variables the majority of the medians are lower than the means. This is an indication that there are more extreme values on the top side than on the lower side. An exception is the median of the occupancy rate which is 96% for the entire period. Compared to the means, this means that there are some REITs in the sample that have a relatively low occupancy rate. A good example is the Dutch NSI that had an occupancy rate of 80% in 2014.

The broad range of observed values can be seen from the minimum and the maximum values. For example the minimum and maximum of the allocation to the main property type are 34.3% and 100.0%, respectively. Given the possibility of outliers, it is more interesting to see the standard

deviations. Amongst others, the standard deviation for allocation to main property type for the whole period is 20.3%, for acquisitions 10.5%, for disposals 5.7% and for occupancy rate 3.9%.

5 Results

In this chapter the results of this study are presented, by answering sub-questions 2, 3 and 4 as formulated in the introduction. Therefore at first the trends regarding investment strategies are discussed, after which the changeability of investment strategies and the relation between this level of changeability and their performances are described.

5.1 Trends regarding investment strategies

As stated in chapter 4, the variety between the observed values is high. This fact in combination with the limited sample of 20 REITs makes it hard to make significant statements. Nevertheless, within the explorative character of this thesis it is possible to identify and explain trends in the period between 2005 and 2014, and eventually to provide a brief forecast for the coming years. In *5.1.1 Developments regarding strategic variables* the developments and trends for each strategic variable are discussed. Acquisitions and disposals are discussed together because of the strong relation between these variables. For each strategic variable a visualization of the developments in the studied period is shown in appendix E. In addition to the developments of the strategic variables other developments regarding the additional variables are discussed as well. Based on the findings from the strategic variables in *5.1.2 Main trends regarding investment strategies* the most important trends are discussed.

5.1.1 Developments regarding strategic variables

Allocation to real estate

During the studied period the average allocation to real estate increased from 94.7% to 96.8% of the total asset value. This can be seen from Figure 2. Although the development of this variable can be considered as relatively constant, two minor downswings are observed with a trough in 2009 and 2013, respectively. These troughs are the results of the declining real estate values with the start of the crisis in 2008, and to a lesser extent during the second dip in 2012 and 2013. Remarkable is that the highest jump (2.7%) between two years took place between 2013 and 2014. Most likely this is due to the fact that real estate values in especially large cities are increasing again since 2014 and that REITs are investing more in real estate than they did the years before (Cushman & Wakefield, 2015). See Figure 1 and the developments related to acquisitions in the following paragraphs for the increasing level of real estate transactions.

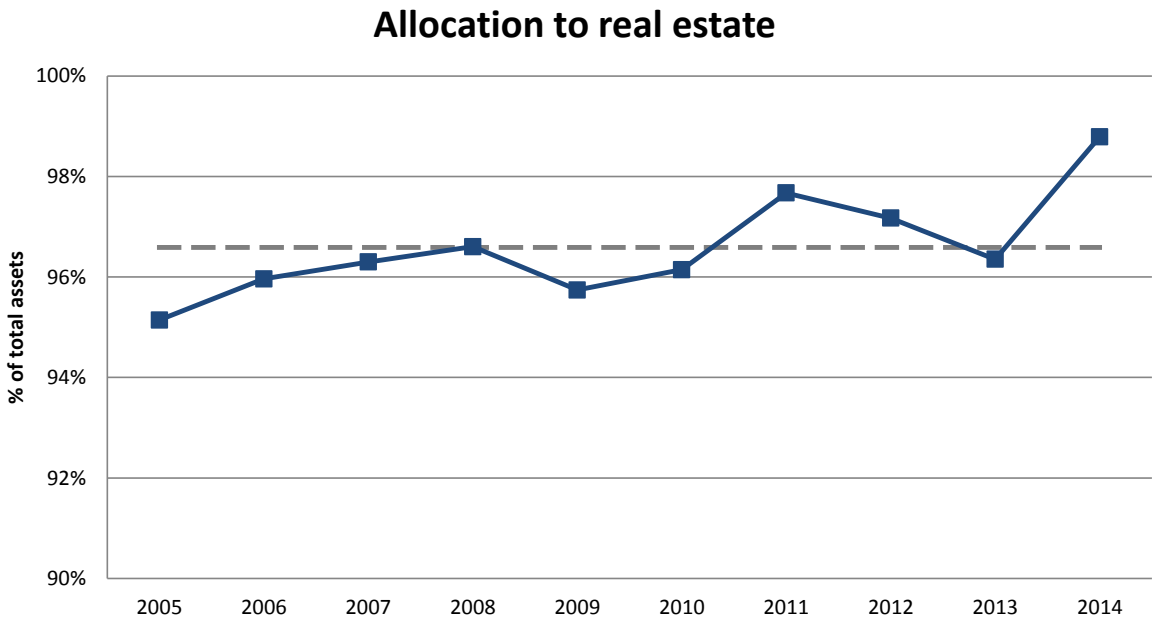


Figure 2 Average allocation to real estate

Allocation to main property type

Not only the allocation to real estate showed an increase between 2005 and 2014, the allocation to the main property type increased as well. In seven out of the nine years the median of the allocation to the main property type showed an increase of on average 2.7%. Over the entire period this means an increase from 62% up to 73%. Figure 3 shows the median of the variable allocation to (main) property type for all 20 REITs, and for the REITs that are specialized in retail (10 REITs) or offices (7 REITs). Remarkable is that REITs that are specialized in retail, on average (median) have exposure to their main property type 10.8% higher than office orientated REITs. But not only do retail REITs have a higher exposure to a single property type, the trend during the past decade is that this ratio is increasing stronger than office REITs, of which this level is approx. on a constant level since 2009. Most likely this is the result of the growing popularity of high-street retail and shopping centres among investors (Cushman & Wakefield, 2015).

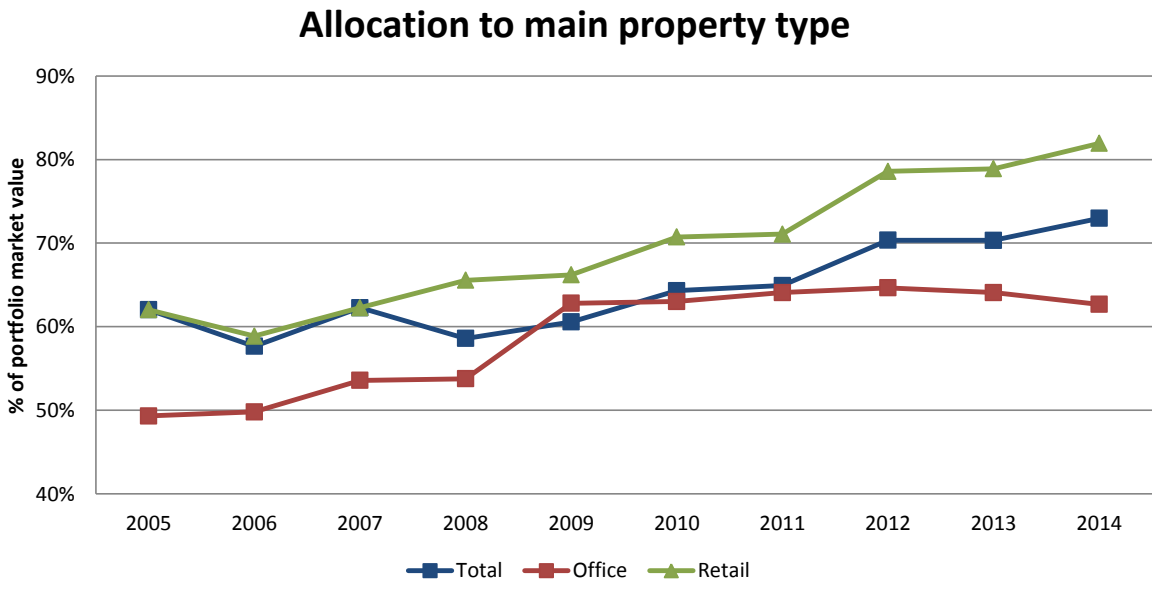


Figure 3 Allocation to main property type

Property type

With regard to the main property types of the studied REITs one can derive from the visualization in appendix E that some adaptions occurred during the ten years of study. In 2005 the dominant property type of the sample used to be offices (47%) followed by retail (41%), industrial and residential (both 6%). During the ten years a shift took place which resulted in a new dominant property, namely retail (50%). The share of offices REITs decreased to approx. 35%, followed by other property types (10%) and industrial (5%). This takeover of the number one by the number two is in line with expectations based on allocation to main property types, as is shown in Figure 3. The other property type in this specific sample concerns healthcare real estate. The Belgium Aedifica shifted from residential to healthcare real estate as main property type. Given the aging process of which the consequences, such as a lack of proper housing for elderly, will become more urgent the coming decades, it is likely that more (new) REITs will focus specifically on healthcare real estate.

Geographical focus

From the nine strategic variables, geographical focus (location of ≥ 60% of portfolio) is the one in which the least adaptions occurred. Only 23 out of the in total 861 absolute strategic changes are related to geographical focus. Although it is not possible to make any hard statements regarding this variable, the only minor development for which signs can be identified is that some of the REITs that were focussed on only one city, made a shift to a more regional or national focus. This situation was

especially the case for Belgium REITs that used to focus mainly on Brussels, and is probably the result of a strategic change to more differentiation.

Investment style

In general it can be stated that the investment styles of REITs shifted slightly upwards between 2005 and 2014 (see appendix E). In the pre-crisis period (2005) approx. 62% of the REITs had a (main) focus on core+ or prime assets, and the remaining 38% was focussing on value add or opportunistic assets. In the first years of the crisis (2008-2010) a further shift took place to more 'riskless' assets. Since 2011 approx. 80% of the REITs is focussing on core+ or prime assets and only 20% has a majority of their portfolio consisting out of value add or opportunistic assets. Although this ratio is stable the last five years, it is probable that due to the economic recovery of Europe parties are willing to invest more in value add and opportunistic assets as well. Thereby, as a consequence of the rush on the prime assets the past years, the demand is larger than the supply of these assets which results in high premiums that have to be paid to obtain these assets (Cushman & Wakefield, 2015).

Dividend pay-out

Due to the effects of the economic crisis the variation in dividend pay-out ratio between the REITs is relatively high. Considering the fact that dividends are one of the most important reasons to invest in REITs, it is likely that REIT management teams (initially) tried to not decrease the absolute amount of dividends, in order to satisfy the shareholders. As a result of this, during the crisis some of the REITs had pay-out ratios that were more than 100% of the total net cashflow. On average (median) the dividend pay-out ratio remained stable since 2009 at approx. 87%. Before this period the pay-out ratio was lower, which can most likely be explained by the fact that 9 of the 20 REITs did have their IPO between 2005 and 2008. Before these REITs became publicly listed, they did not have any minimum restrictions regarding dividend pay-out. A final interesting development that can be observed is that on average the median pay-out ratio of retail REITs was 4.6% higher than of office REITs. However, the gap between these types is shrinking and considering the fact that the most difficult times for office REITs have been passed, it is likely that this gap will not return to its previous level.

Acquisitions & disposals

Figure 4 shows the average level of acquisitions and disposals expressed as a percentage of the total portfolio market value from 2005 till 2014. As can be seen from the figure the average level of acquisitions (5.7%; bold dashed line) is above that of the average level of disposals (4.3%; dotted line). Although the average volume of acquisitions was approx. 24% higher than the volume of

disposals, this ratio was highly volatile during the years. Thereby, the volume of acquisitions and disposals are negatively correlated to each other (-0.44). In general this means that when the level of acquisitions is high, the level of disposals is low and vice versa. In the figure it can be seen that these situations both occurred two times during the ten years, in cycles of about two or three years. This is partly shown by the positive correlation of 0.60 between the volume of acquisitions in year 'n' and the disposals in year 'n+2'. This can be considered as an indication for relatively short-term adaptability in (part of) REITs investment strategies. A possible explanation why acquisitions and disposals have anticyclical characteristics can be found in the course of the total returns. Both have a similar correlation with the average annual total returns but adversely to each other (0.38 for acquisitions and -0.38 for disposals). In other words, if the real estate market is doing well in terms of total returns, then REITs tend to acquire more assets than they sell. This is the case just before the crisis in 2007 and at the small upswing in 2010 and 2011. If the real estate market is performing poor in terms of total returns, then REITs tend to sell more than they acquire. These situations occurred shortly after the fall of the Lehman Brothers in 2008 and 2009 and after the upswing in 2012 and 2013. If this trend will continue, that will mean that during 2014 and 2015 the volume of acquisitions will surpass the level of disposals again. As can be seen in Figure 4 this was already the case for 2014 and according to Cushman & Wakefield (2014) this will be the situation for 2015 as well.

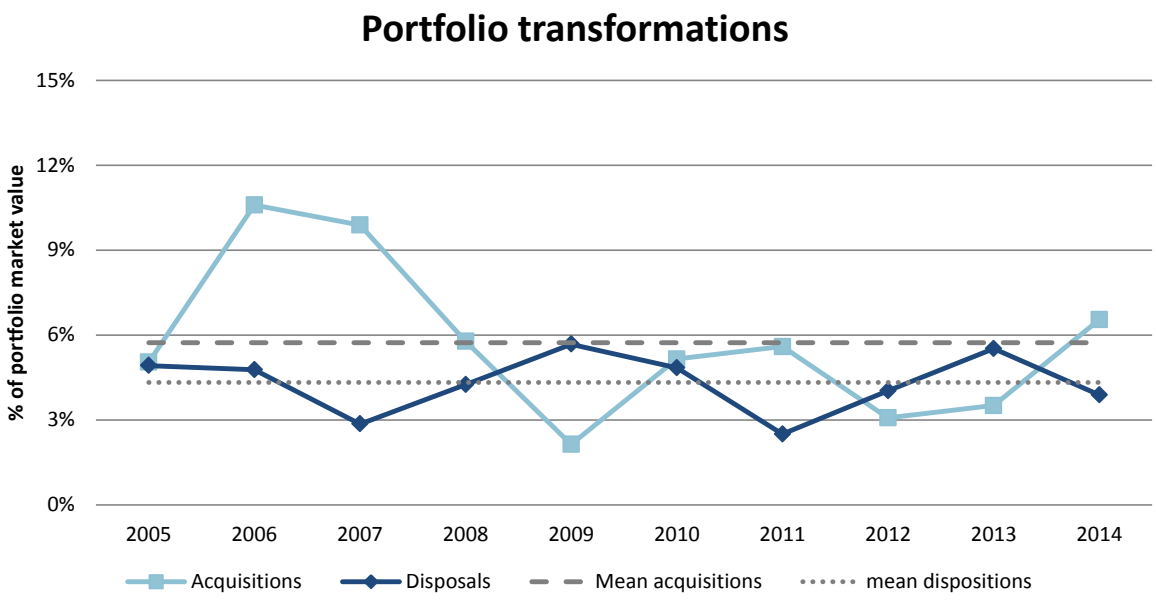


Figure 4 Portfolio acquisitions and disposals as percentage of portfolio market value

Loan-to-value

The last strategic variable that is discussed in here is the loan-to-value ratio, which is initially a consequence of the way a REIT is financing its assets. However, in times of economic conjuncture the LTV is more a result of the adapting market situations than a decision made by the management time. The figure in appendix E illustrates this development, with a major LTV peak in 2009 and a smaller one in 2012. The average LTV ratio increased strongly from 36.9% in 2007 to 47.2% in 2009, after which the ratio decreased slowly again. This strong increase is not the result of more loans for the REITs, but is mostly due to the fact that the real estate prices declined at that time.

Additional developments

Besides the developments of the nine strategic variables, the analyses of the additional variables results in four other interesting developments. These additional developments are related to WALT, portfolio size, number of assets and real estate value. The first one is discussed in here and the latter three will be discussed in *5.1.2 Main trends regarding investment strategies*.

The weighted average lease length (WALT) is the average remaining duration of all the lease agreements of a portfolio weighted with the ratio of rental income. Figure 5 shows that the average WALT during the period of study is approx. 8 years and that since 2007 the WALT declined from 9.6 years to 6.5 years in 2014. As a result of this REITs have to deal with a higher level of uncertainty, and therefore risk. On the other hand, regarding the declining differences in WALTs the last years (0.3 years, 0.2 years and 0.1 years for 2012-2011, 2013-2012 and 2014-2013, respectively) this trend can be considered as flattening out. Thereby, the common minimum lease length for new contracts is 5 (+5) years. Therefore, it is likely that the coming years the WALTs will not go below the 6 years.

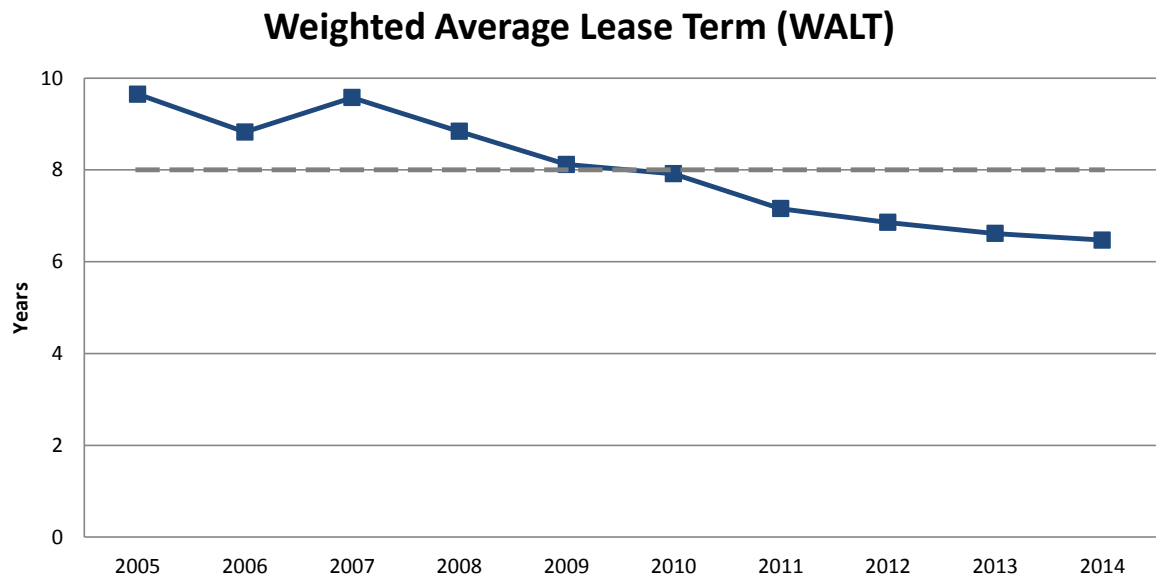


Figure 5 Decline of the WALT

5.1.2 Main trends regarding investment strategies

Based on the developments of the strategic variables completed with interesting or remarkable movements from the additional variables during this period, two main trends can be identified: upscaling and specialization.

Upscaling

The main trend that can be observed based on the analysis of the annual reports is upscaling. The characteristics of this trend can be seen in several variables. At first, the total floor area per REIT showed a strong growth from approx. 1.25 million square meters lettable floor area (LFA) in 2005 to 1.74 million square meters LFA in 2014. Thereby, the number of assets per REIT increased as well. In 2005 the median was 72 assets and increased with more than half till 112 assets in 2014. Interesting is that in general the average size per asset in general did not increase. This is probably due to the fact that some of the REITs switched from main property type during the period of study, for example from shopping centres to smaller high-street retail (Vastned) or from offices to healthcare housing (Cofinimmo), which results in a distorted picture. This changes if the focus is on a single property type, and more specific offices. In ten years the average size of an office-REIT grew from approx. 6,800 square meters LFA to approx. 9,000 square meters LFA which equals a gain of 24 percent (standard deviation of 670). This increase could be the result of the disposal of smaller offices and the acquisition and development of the larger business centres.

A second variable that shows signs of upscaling is the portfolio market value. On average the portfolios showed a growth in market value from approx. EUR 2,075 per square meter LFA in 2005 up to EUR 3,048 per square meter LFA in 2014. Although this is a strong upswing, it is not the same for each property type. **Error! Reference source not found.** shows the development of the average median) price per square meter during the period. As can be seen retail prices are higher than office prices for each year, but also more volatile (1,367 versus 962). A strong increase in value went over in a decline from 2007 and beyond. Between 2009 and 2012 a slight recovery took place and after that the prices showed a strong growth again. The development of the office prices shows a similar process, but without the strong gains up to 2007 and after 2011. This difference could be the result of the fact that people spend more money in economic prosperous times and therefore the prices of retail increase faster than offices. Thereby, due to new working styles, more people work at home and as a result of that the demand for offices was less strong. Although this picture would have looked different if only offices and retail on C-locations were included, it is representative for the sample of 20 REITs (of which more REITs have 'upgraded' to a higher investment level than vice versa). Although it is not possible to confirm within this study, a possible benefit from upscaling could be to obtain a higher level of economies of scale. For example, the fact that especially the last

years square meter values have risen, means that more capital is captured in the properties. As a result of this, variable costs such as the labour costs of maintenance and notary costs are relatively lower for higher priced assets than lower ones. This can be considered as a higher level of economies of scale. A recent example of upscaling is the merge of the Dutch Corio with the French Klépierre in the first quarter of 2015, which resulted in a new number two of Europe's largest retail REIT.

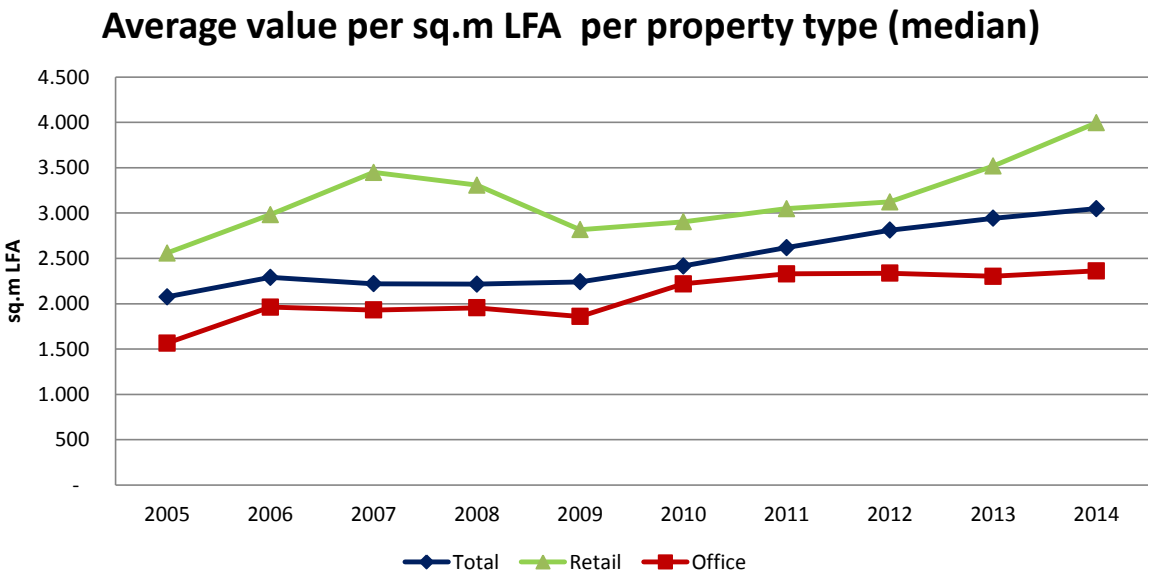


Figure 6 Average value per square meter LFA per property type (median)

Specialization

The second trend of which indications are found with respect to investment strategies of REITs is specialization. The strongest indication for this trend is an increase in the percentage of the total portfolio that is allocated to a single property type. As discussed in *6.1.1 Developments regarding strategic variables* during the past decade the median of the allocation to the main property type showed an increase from 62% up to 73%. This is mostly the result of REITs that used to focus on two or three property types, but decided to focus on only one of these three property types in order to develop a further specialism. Even more, specialization within sub-property types is also more common. A potential advantage of this investment strategy is that a REIT's managements are able to specialize and hire experts on that specific field. An example is Unibail-Rodamco that changed its investment strategy radically in 2007 and since then operates successfully as an expert in the field of major prime shopping centres. Another benefit of specializing REITs is that shareholders of these REITs can decide by themselves how they want to diversify their portfolio, including different property types and REITs.

A final note regarding the specialization trend has to be made with respect to the strategic variable geographical focus. Although based on the specialization trend one could expect that on a geographic field REITs would focus as well, this is not clearly observed. This could be due to the fact that only 23 out of the 861 total absolute strategic changes are related to geographical focus.

5.2 The changeability of investment strategies

The investment strategies for the sample REITs for 10 succeeding years (2005 – 2014) are inventoried based on the nine strategic variables, as described in *3.1 Identifying investment strategies*. In order to provide an overview of the (changes in) investment strategies during this period, for each REIT a radar chart is created. As an example the strategic radar chart of the Belgium Aedifica is shown in Figure 7. The letters A up to G correspond with the strategic variables as shown in Table 1Table 2. The five circles numbered from 1 in the center till 5 on the outside represent the five classes as shown in Table 2 as well. To be able to distinguish the development of the investment strategy across the years, the strategy for 2005 is shown in light blue that gradually turns into darker shades for the succeeding years and ends up in dark blue for 2014. Interesting changes in the investment strategy of Aedifica are for instance the shift from a geographical focus on one city into two or three countries, and the switch from residential as the main property type into other property types (healthcare). A total overview of the 20 radar charts can be found in appendix F.

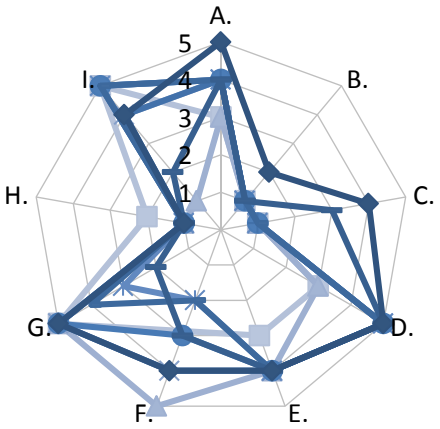


Figure 7 Example of a strategic radar chart - Aedifica

Considering the fact that the focus of the strategic radar charts is more on the different investment strategies of each year instead of the changeability of these strategies, in this study the Strategy Changeability Score (SCS) is developed. The SCS is a value that expresses the changeability of a REIT's investment strategy for a specific year with respect to the previous year, based on the nine strategic variables. In 3.*3 Strategy Changeability Score* the basic principles of this score and the way how it is

calculated are described. Table 4 provides an overview of the determined SCS for each REIT and year. For three REITs it was not possible to calculate the SCS for each year because there was not sufficient data available as a result of their more recent IPOs.

Table 4 Strategy Changeability Score per REIT and year

	Strategy Changeability Score (SCS)	2006	2007	2008	2009	2010	2011	2012	2013	2014	Sum	Median
	Aedifica		2,8	1,5	0,7	0,4	0,3	0,6	2,1	3,1	11,5	1,1
O	Befimmo	1,4	1,5	0,6	2,5	0,1	1,5	1,0	1,3	2,0	11,9	1,4
	Cofinimmo	1,4	2,7	1,0	0,6	0,4	1,0	1,7	0,3	1,7	10,7	1,0
	Warehouses De Pauw SCA	0,7	1,0	0,1	0,3	1,0	2,0	0,1	0,1	0,1	5,5	0,3
R	Wereldhave Belgium NV	0,0	0,1	1,1	0,1	0,3	0,6	2,1	1,5	2,8	8,7	0,6
O	Foncière des Regions	0,1	1,1	2,2	1,7	0,3	0,0	0,1	1,0	0,3	6,9	0,3
O	Gecina SA	0,0	1,1	2,2	1,7	0,3	0,0	0,1	1,0	0,3	6,7	0,3
O	ICADE	0,1	0,4	0,6	0,8	3,4	1,5	0,7	0,4	0,7	8,7	0,7
R	Klépierre	0,4	0,4	2,5	0,6	0,0	0,1	0,3	0,0	1,7	6,0	0,4
R	Unibail-Rodamco SE	0,4	3,8	0,4	0,4	0,3	0,3	0,3	0,1	0,3	6,3	0,3
O	Alstria Office REIT-AG			0,8	3,4	0,7	2,2	0,4	1,7	0,3	9,5	0,8
R	Hamborner REIT AG				0,3	0,6	1,8	0,3	0,6	0,6	4,1	0,6
O	Beni Stabili SIIQ SpA	2,1	2,0	1,4	0,1	0,6	0,4	0,8	0,4	1,1	9,0	0,8
R	Corio	0,4	1,0	0,7	1,1	0,7	2,1	0,3	0,8	1,0	8,1	0,8
O	Nieuwe Steen Inv	0,3	1,0	2,4	1,4	1,5	0,7	0,3	0,3	1,1	9,0	1,0
R	Vastned Retail	0,4	0,7	2,4	0,3	0,6	0,6	1,7	0,3	0,6	7,4	0,6
R	Wereldhave	0,4	0,8	1,5	0,8	1,5	0,4	1,7	2,5	3,1	12,9	1,5
R	British Land	2,2	0,4	0,7	2,5	1,3	1,1	0,3	1,0	1,1	10,7	1,1
R	Hammerson	0,6	0,3	2,0	1,7	0,7	0,4	1,7	3,1	1,1	11,5	1,1
R	Land Securities	0,6	1,4	1,5	1,7	1,3	0,7	0,6	0,7	0,6	9,0	0,70
	Sum	11,6	22,6	25,8	22,7	15,8	17,8	15,0	19,2	23,4		
	Total benchmark	0,4	1,0	1,4	0,8	0,6	0,6	0,5	0,8	1,1		
	Office benchmark (**O**)	0,2	1,1	1,4	1,7	0,6	0,7	0,4	1,0	0,7		
	Retail benchmark (**R**)	0,4	0,7	1,5	0,7	0,6	0,6	0,4	0,8	1,1		

Legend:	< 1.0	1.0 - 2.0	2.0 - 3.0	> 3.0	N/A	**O** - *Office*	**R** - *Retail*

5.2.1 Level of changeability

In total 174 SCSs are determined that vary between 0.0 and 3.8, with an average value of 1.0. Of all scores 6 SCSs have a value of 0.0, 103 are within a range of 0.0 and 1.0, 42 scores are between 1.0 and 2.0, 17 between 2.0 and 3.0, and 6 scores do have a value of 3.0 or higher. In order to easily identify major changes, the SCSs that are above average (> 1.0) are highlighted in the table, with light blue for the range of values from 1.0 - 2.0, blue for values from 2.0 - 3.0 and dark blue for values > 3.0. Remarkable is that for each REIT the SCSs between 2.0 and 3.0 do not occur more than two times. The SCSs above 3.0 do only occur once per REIT. Thereby, 17 out of the 20 REITs have either one (or two) SCSs within a range of 2.0 and 3.0, or one SCS higher than 3.0. This could be considered as being an indication of the fact that between 2005 and 2014 REITs did adapt their investment strategies only once thoroughly. Regarding the economic circumstances during that period it is not strange that REITs had to reconsider their investment strategies. However, it is interesting to observe that for the majority of the REITs most of the changes were implemented in

one year. The year with the highest number of SCSs above 2.0, in other words more than twice the level of adaption than on average during the period, is 2008.

5.2.2 Changeability per property type

Table 4 contains information about the median SCS and the sum of the total SCSs for each REIT and year. The median of all the SCSs per year is considered as being the benchmark for that specific year. The values of the benchmark differ between 0.4 (2006) and 1.4 (2008). This indicates that in general in 2006 investment strategies stayed more or less equal to those from 2005 (a change 60% less than on average), and that investment strategies in 2008 changed relatively a lot (40% more than on average) compared to 2007. Considering the fact that the economic crisis started in 2008, and the first signs already became clear in the fourth quarter of 2007 when the mortgage crisis in the USA started, it is understandable that relatively a lot of REITs made the decision to intensively change their investment strategy. The left column in Table 4 symbolizes whether a REIT's main focus is on offices (**O**) or retail (**R**). These REITs are used for the property type specific benchmarks (median) as shown in the lower part of the table. Figure 8 shows the course of the benchmarks of the SCSs for the total sample (20 REITs), retail (10 REITs), offices (7 REITs) and other property types (3 REITs), respectively. The total benchmark shows a strong increase of the SCS from 2006 till 2008 after which it decreased till 2010. In 2011 a minor growth in SCS is visible followed by a minor decrease in 2012. After 2012 the SCS shows a linear growth again. The development of the benchmark for retail-REITs is almost identical to the total benchmark, which is not strange regarding the fact that half of the sample comprises retail-REITs. The benchmark for office-REITs shows major similarities as well, with exception of the highest peak which is not in 2008 but in 2009, and a lower SCS in 2014 than in 2013 instead of higher. The latter could be the result of a slower recovery of the office market than other real estate markets. Although the benchmarks show similar patterns, considering the fact that they are based on a limited number of REITs, they should be interpreted carefully.

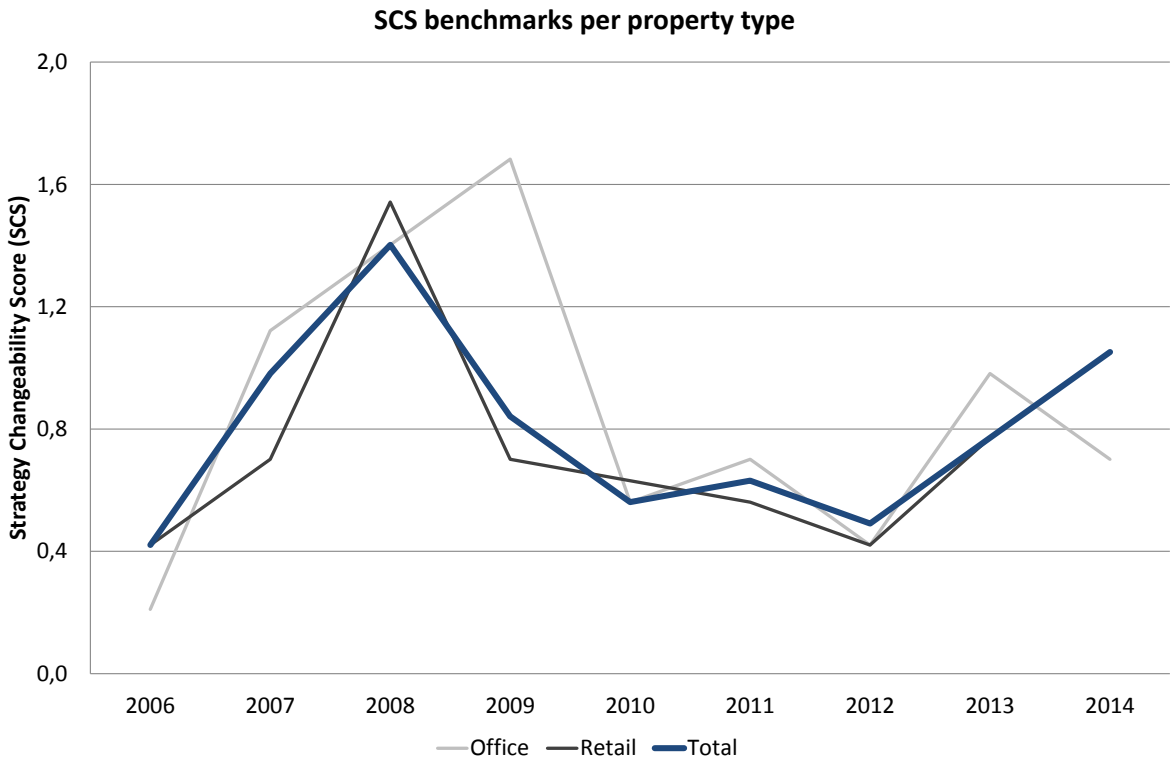


Figure 8 SCS benchmarks per property type

5.3 The relation between investment strategies and their performance

In this study the SCS is developed to identify the changeability of REIT's investment strategies. In this paragraph the relation between the SCS and the changeability of REIT's investment strategies is studied. The relevant relations can be divided into performance correlations and SCSs of out- versus underperforming REITs.

5.3.1 Performance correlations

The performance indicators that have been studied are total return, stock price, dividend yield, book-to-market ratio and Sharpe-ratio. By transforming each of these indicators from daily data into annual data, it is possible to determine the correlations between the annual strategy changeability scores and the indicators for the same years (n). An overview of the correlation coefficients can be found in appendix G. As can be derived from this overview the correlation coefficients for the different REITs are very divers and not very strong. The means of the coefficients per indicator are negligible small within a range from -0.14 (Sharpe-ratio) up to 0.05 (book-to-market ratio). The correlations with the benchmarks (average of the REITs for each indicator and year) are stronger and vary between -0.59 (Sharpe-ratio) and 0.46 (dividend yield). Nevertheless, these relations are also not very convincing. A possible explanation for the weak correlations is the limited number of

observations. However, there is another possible explanation which is the fact that the correlations between the SCS and the indicators are determined for the same year. Regarding the 'lumpiness' of the real estate market, it is likely that it takes a considerable amount of time for REIT' management teams to rethink and implement their adjusted investment strategy as a reaction on changing (market) circumstances. Therefore, the correlations between the SCSs and the performance indicators of the previous year (n-1) are determined as well. These results can also be found in appendix G. The means of the correlation coefficients per indicator vary between -0.11 (Sharpe-ratio) and 0.31 (total return), which can still be considered as very limited. The correlation coefficients regarding the benchmarks vary between -0.35 (dividend yield) and 0.79 (total return). In other words, there seems to be a stronger positive relation between the total returns of year 'n', and the SCS of the year 'n+1'. The fact that this stronger relation is between the SCS and the total return, and not with one of the other four performance indicators, is most likely the result of the completeness of the total return, instead of e.g. only the stock price or dividend yield.

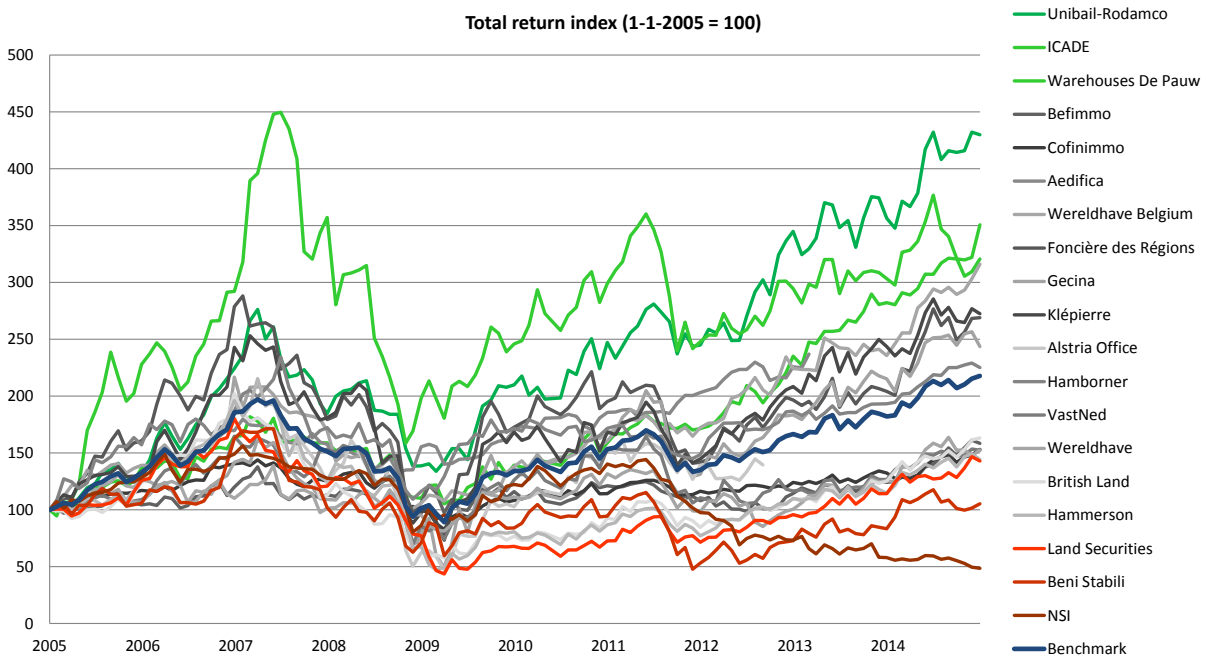


Figure 9 Total return index (1-1-2005=100). Own editing based on SNL (2015).

Figure 9 shows the total return index for the REITs based on monthly data. The three green and red graphs show the developments of the REITs that performed the best and worst, respectively, during the whole period. The dark blue graph is the total return benchmark which equals the average of the REITs together. The similarities between the SCS benchmark and the total return benchmark are evident, regarding the peak in 2007/2008, the minor recovery around 2011 and the significant

growth from 2012 and beyond. Nevertheless, as stated before, this study has its quantitative limitations due to, amongst others, the limited sample group and therefore the reliability of the correlations and values should be considered carefully.

5.3.2 SCSs of out- versus underperforming REITs

Besides the positive correlation coefficient between the SCS (benchmark) and the total return during the whole period, another relevant relation has been observed. The total return indices for the sample REITs at December 2014 (2005 = 100) vary between 55 and 400 points, with a median of 172. If one takes a further look at the top 3 REITs with the highest indices after 10 years (Unibail-Rodamco, 400 points; ICADE, 330 points; and Warehouses De Pauw, 308 points) and compares the SCSs of these REITs to the median SCS of all REITs together (0.8), then one can see that these values belong to the lowest of the total sample (0.3, 0.7 and 0.3, respectively). Thereby, 5 out of 6 of the other REITs that outperform the median index of 172 points have a median SCS lower (from 0.3 up to 0.6) than the median SCS of all REITs together as well. The only exception of these in total 9 outperforming REITs is Aedifica (SCS of 1.1).

With respect to the underperforming REITs, similar relations are observed. 7 out of 9 REITs with an index at December 2014 below the total average have a median SCS in the range of 0.8 till 1.5. The two exceptions that have a median SCS below the total average are VastNed (0.6) and Land Securities (0.7). With regard to the average index value of the REITs for the total period the same results are observed as for the index values at December 2014.

Translating the relations as described in here into the investment strategies of the REITs, it can be concluded that outperforming REITs change their investment strategy less often than underperforming REITs. This assumption is confirmed by the fact that the outperforming REITs together have 21 SCSs of at least 1.0, and the underperforming REITs have in total 39 SCSs above 1.0. Not only do outperforming REITs have on average less SCSs above 1.0 than underperforming REITs, but if a change in investment strategy is above average, then the SCS for outperforming REITS is on average 2.1 compared to an average SCS of 1.4 for underperforming REITs. In general this could be interpreted as the fact that outperforming REITs do change their investment strategies less often than underperforming REITs, but if they do, then it is more intensive (approx. 50%) than underperforming REITs.

A possible explanation for the relationship between out- and underperforming REITs and the frequency and intensity of SCSs could be that REITs that are doing well (due to a successful investment strategy) are less inclined to change their investment strategy than underperforming

REITs. Another possible explanation is that some REITs have a more flexible and dynamic organizational structure which makes it possible to change the investment strategy radically in a shorter period of time. Noteworthy is that no clear differences are observed regarding the timing of changes in investment strategies between out- and underperforming REITs.

6 Readability and performance

Characteristic for this thesis is that the most of the information is obtained from annual reports. Annual reports can be considered as being (one of) the most important ways in which the management team of a REIT takes responsibility and communicates with their shareholders. Therefore, the reports do not only comprise a primary layer of (financial) information consisting of values and numbers, but also a secondary layer of information related to writing style, use of language and readability. For example it is possible that during different economic times REITs decide to communicate their investment strategies in a different way to their shareholders. In order to identify if there is a relation between the readability of REIT's annual reports and their performance, these 'secondary' layers of information are analyzed as well. Regarding the fundamental differences between the main part of this study with respect to investment strategies from the primary layer of information and this secondary layer of information, the analyses of annual reports are discussed in this separate chapter.

6.1 Textual analysis of annual reports

Studies to the structure and textual contents of annual reports are relatively rare and uncommon. Kloptchencko, Magnusson, Back, Visa and Vanharanta (2004) studied the readability of quarterly reports on three major firms in the telecommunications sector. Therefore they applied automated linguistic and text mining methods. Text mining methods are used to discover and analyze patterns in texts by use of computers. Kloptchencko et al. (2004) applied advanced software and formed collocational networks of corresponding words. For seven quarterly reports (2000Q1 – 2001Q3) they encoded every single word in order to find patterns. Despite this effort the results of this study were controversial. Therefore, one can state that regarding the larger number of reports that have to be analyzed in this study (10 annual reports for each of one of the 20 REITs), this method is too extensive given the limitations in resources.

Another study in which annual reports are analyzed is done by Alstermark and Hegefjärd (2006). They studied the reports of firms in a specific sector (heavy electrical engineering industry) for a longer period (1987-2002) in order to derive the business level strategies. Unlike Kloptchencko et al.

(2004), Alstermark and Hegefjärd (2006) did not make use of advanced software, but computed a theoretical framework based on existing literature, in terms of taxonomies, typologies and classifications. Regarding the constraints of resources this method in which characteristics are divided in classes / categories is used in this thesis as well.

Another interesting study is performed by Dempsey, Harrison, Luchtenberg and Seiler (2012) who researched the linguistic readability of the annual reports of 183 REITs. They found a negative relation between the financial opacity and the performance of a company. In order words, companies that perform at a low level have an incentive to be less transparent in their manner of publishing financial information. It is interesting to see if this is also the case for European REITs. As dependent variable Dempsey et al. (2012) made use of the *Flesh-Kincaid Grade Level* index.

6.2 Readability tests

The readability of the annual reports is tested by two tests: the Flesch-Kincaid Grade Level and the Flesch Reading Ease Score. To ensure the reliability of the outcomes each test is performed on at least 500 words with an average of more than 2,500 words from different strategy related paragraphs per annual report. For example the letter from the chairman to the shareholders, future plans and parts that are titled as 'strategy' are considered as being strategy related paragraphs.

6.2.1 The Flesch-Kincaid Grade Level index

The Flesch-Kincaid Grade Level (F-K) index was developed by Kincaid, Fishburne, Rogers & Chissom (1975) to be able to express linguistic readability in the average reading capabilities of school grade levels. The F-K index is still in use by the American government nowadays. The index is determined by use of the total number of words, the total number of sentences and the total number of syllables of a text. The F-K index can be calculated by use of the following formula (1)[4]:

$$\text{Grade Level} = \left(\frac{Total\ words}{Total\ sentences}\right) + 11.8\left(\frac{Total\ syllables}{Total\ words}\right) - 15.59$$

6.2.2 The Flesch Reading Ease Score

The F-K index is based on the Flesch Reading Ease Score (FRES). This readability test is designed by Rudolf Flesch in 1948. The FRES is an inverse measure of opacity and is expressed in a score between 0 and 100, in which a higher score indicates a more easy readable text. Similar to the F-K index the

[4] For a more theoretical explanation of both the Flesch-Kincaid Grade Level and the Flesch Reading Ease Score see Kincaid, Fishburne, Rogers & Chissom (1975) and Flesch (1948), respectively.

Flesch Reading Ease is based on the total number of words, sentences and syllables of a text. The Flesch Reading ease can be calculated by use of the following formula (2)[4]:

$$\text{Flesch Reading Ease Score} = 206.835 - 1.015\left(\frac{Total\ words}{Total\ sentences}\right) + 84.6\left(\frac{Total\ syllables}{Total\ words}\right)$$

6.3 Results

In order to identify possible relations two readability tests are conducted on the textual strategic parts of each annual report. Figure 10 shows the trendline of the results of these tests. According to appendix H the readability tested by the Flesch Reading Ease Score can be classified as being 'difficult'. This equals a Flesch-Kincaid Grade Level of on average 13.1 years, which means that on average one needs 13.1 years of education to be able to understand the text. Considering the fact that both tests are similar to each other but on an opposite scale, it is not unexpected that the outcomes of both tests are strongly negatively correlated to each other (-0.83). A more unexpected outcome is the trend that can be observed from the average outcomes per year. Although the differences are not large and the standard deviations are high (12.0 and 2.5 for FRES and F-K Grade Level, respectively), the trendlines show interesting turning points in 2008 and 2012. Similar turnings points can be seen in the total returns for the same period, but in the years 2007 and 2011. The correlations between the turnover index and the median FRES and F-K Grade Level for the same years are interesting (-0.40 and 0.32, respectively), but the correlations for a one year delay (n-1) can be considered as being remarkable (-0.79 and 0.73, respectively).

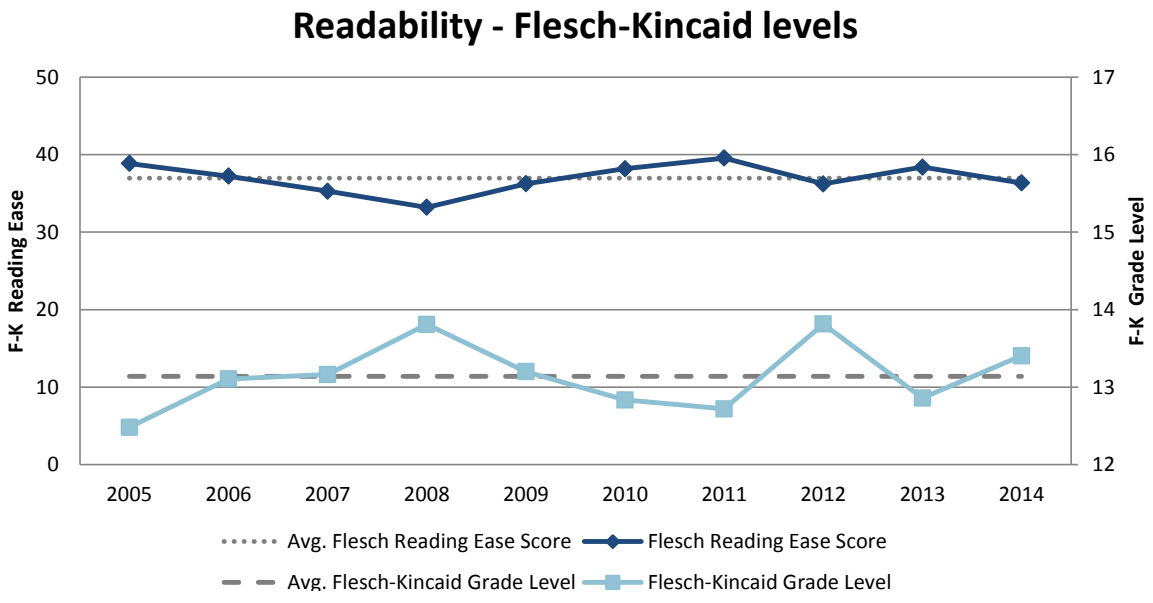


Figure 10 Readability based on Flesch Reading Ease Score and the Flesch-Kincaid Grade Level

A possible explanation for these values is that in times of economic prosperity REIT management teams might experience less necessity to explain and justify their investment decisions in the annual reports in a clear way to their shareholders, simply because the returns are on a high level. And as long the shareholders are satisfied it is probable that there is less need to clarify strategic decisions. These moments of economic progress are shown in figure 7 till 2008 and between 2011 and 2012. However, when the real estate markets suddenly are in a state of bad weather, then it is likely that shareholders are getting more cautious and therefore the management teams try to explain and justify their investment strategies in a better readable and clear way than they did before. The stronger correlation with the year delay can be explained by the fact that in general annual reports are extensive products and time consuming to produce.

The course of the trendline as shown in Figure 10 has similarities with the SCS benchmark as well. The correlation between the SCS benchmark and the median FRES and F-K Grade Level for the same year are -0.72 and 0.51, respectively. Regarding the fact that both the SCS and the readability are correlated to the total return of a REIT, it is possible that the moderate correlation between the readability and the SCS is the result of a spurious relation.

7 Conclusions & recommendations

In this thesis explorative research had been done to the changeability of investment strategies of European REITs, and the relation between this changeability and the REIT's performances. Characteristic for this study is that it has made use of annual reports as the main data source. The reports have been used from a sample of 20 European REITs from the period 2005 till 2014. In the first part of this final chapter the conclusions are given regarding the research questions and in the second part recommendations are provided with respect to implications, research evaluation and further research.

7.1 Conclusions

In order to be able to find an answer on the central research question, *'What is the effect of the changeability of investment strategies of European REITs on their performances?',* five corresponding sub-questions have been formulated. In this paragraph the main conclusions regarding these sub-questions are provided, after which the central research question is reflected.

Strategic determinants

The answer with respect to the first sub-question regarding the relevant strategic determinants for REIT's investment strategies is derived from the literature. Based on eight studies related to REITs and / or real estate performance, nine relevant strategic determinants are obtained. These determinants are: allocation to real estate, allocation to main property type, geographical focus, main property type, investment style, dividend pay-out, acquisitions, disposals and loan-to-value.

Developments and trends

Based on the textual analyses of the annual reports trends are identified with respect to the investment strategies of European REITs. In order to define these trends the developments for each of the nine strategic determinants are inventoried. Thereby, also other relevant developments of additional variables are discussed, in order to prevent that potential relevant variables are excluded from this study. Based on the developments of the individual variables two main trends are identified: upscaling and specialization. The first one is related to variables such as the total floor area of a portfolio and the increasing real estate value (per square meter). An important variable with respect to the second one is the increase in allocation to the main property type.

Changeability of investment strategies

One of the most important parts of this study is the development of a methodology to measure the changeability of a REIT's investment strategies per year: the Strategy Changeability Score. This score is an expression of the changes in the (partly) qualitative information of the investment strategies, within a range of 0.0 and 3.8 and an average of 1.0 for the whole sample. The total median per year results in a peak of strategy changes in 2008, followed by a decline till 2010 and a minor upswing in 2011 after which a strong growth is visible again.

The relation between strategy changeability and performance

The goal of the fourth sub-question is to identify if there is any relation between the investment strategies and their performances. The found relations are related to the performance correlations and the SCSs of out- versus underperforming REITs. With respect to the first one the correlations between the SCS and five performance indicators (total return, stock price, dividend yield, book-to-market ratio and the Sharpe-ratio) are determined. Although most of the correlations coefficients between the SCSs and the performance indicators are divers and weak for the same year (n), the correlation coefficient between the SCS benchmark and the average total return index of the previous year (n-1) is moderately strong with a value of 0.79. A possible explanation for this (delayed) relation could be that it takes a considerable amount of time for REIT' management teams to rethink and implement their adjusted investment strategy as a reaction on changing (market)

circumstances. With respect to the SCSs of out- versus underperforming REITs indications are found that REITs that are outperforming the benchmark (average) of total returns, have in general less frequent high SCSs than underperforming REITs. However, if the SCSs are above 1.0 (average), than these average values for outperforming REITs are higher (2.1) than underperforming REITs (1.4). In other words, it is likely that outperforming REITs do change their investment strategies less frequent than underperforming REITs, but if they do then the changes are more intensive (approx. 50%). This could be explained by the fact that outperforming REITs are less tended to adapt their investment strategy.

The relation between the readability of annual reports and their performance

In the final sub-question the relation between the readability of REIT's annual reports and their performances are studied. In order to do so two readability tests are performed on the strategic parts of each annual report: the Flesch-Kincaid Grade Level (F-K) and The Flesch Reading Ease Score (FRES). Remarkable is that both tests show similar characteristics (turning points in 2007 and 2011) as the total return index benchmark. The strongest correlations are observed between the readability tests for year 'n' and the total return index for the year 'n-1' (0.79 and 0.73, respectively). This could be the result of REIT' management teams that experience less necessity to justify their investment decisions in the annual reports in a clear way to their shareholders, simply because the returns are on a high level and thus it is most likely that the shareholders are satisfied.

Reflection of the central research question

The sum of the conclusions in this paragraph equals the answer to the central research question. The main conclusions regarding this question are that the changeability of investment strategies is positively correlated with the total returns of the previous years, and that outperforming REITs on average change their strategies less often than underperforming REITs, but if they do, then it is approx. 50% more intensive. Especially with respect to the first conclusion, it would be better to reformulate the central research question into: '*What is the effect of the performance of European REITs on the changeability of their investment strategies?*'.

7.2 Recommendations

In this paragraph recommendations are given with respect to implications, research evaluation and further research.

Implications

- *Research.* The findings of this study can be from added value for entities that want to analyze REIT's performances. This unconventional approach in which the changeability of

(partly qualitative) investment strategies is quantified could likely provide (re)new(ed) point of views for this parties.

- *Consultants.* Another interesting group for who the SCS could be interesting are real estate consultants. If these parties have better insights in how their potential clients (REITs) are acting and adapting, then they could probably offer better suitable products and services.
- *REITs.* Matter of course, the approach and findings from this study can be useful for REITs themselves. For them the changeability of investment strategies could be interpreted as another point of reference to observe how they are acting compared to their competitors.
- *Other sectors.* A final recommendation regarding implications can be given for non-real estate parties. It is likely that defining strategies in a limited number of strategic variables with use of classifications, and benchmark the changes of these strategies can lead to other insights. This could be implicated in a variety of sectors such as multimedia and healthcare.

Research evaluation

The explorative character of this study results in several limitations. Firstly, the reliability of the results is not as high as for more traditional studies. On the one hand this is due to the fact that (almost) no earlier research has been done to this specific topic and therefore the results cannot be compared with existing literature. On the other hand, the fact that no previous studies have been performed to this topic makes that in advance it is not totally clear which method should be used. This issue is also the result of the (partly) qualitative focus of this study. This focus in combination with the explorative characters makes that the outcomes should be interpreted as indicators. Considering that this thesis is written within the boundaries of academic freedom, it is likely that succeeding studies related to this topic, will use another approach and methodology. A final remark has to be made regarding the use of annual reports as the main data source. The process of analyzing and inventorying relevant data from these reports is time consuming which could have the effect that there is less time left for the actual research. However, part of the data that is collected in this way is relatively unique and hard to obtain from other sources, such as (allocation to) main property types, number of assets, WALTs and lettable floor areas.

The limitations of this study are the incentives for a succeeding researcher to focus on this topic as well. The weaknesses of this research can be used as examples and directions for succeeding studies, just as the SCS and the results can be used as indicators of how this study can be executed, and what possible outcomes will look like.

Further research

Inherent for an explorative study is that several recommendations can be given for further research.

- *General recommendations.* The most preferable continuation of this study would be in a quantitative way. In that case it would be interesting to use all 211 European REITs instead of the 20 in this sample. It is recommendable as well to study the changeability of REITs for other geographical areas, like North-America or one specific country such as France.
- *Strategic variables*. The strategic variables in this study are obtained from literature. In order to verify if this list is complete further research is necessary, and preferably in a quantitative way including checks for significance.
- *SCS*. The Strategy Changeability Score is especially developed for this study. However, considering the fact that the SCS is a first version, there is most likely room for improvement. This could include a refinement of the three basic principles (e.g. a different weight for each of the strategic variables) and the development of a SCS that measures the changeability of investment strategies for variable periods. One could think of a longer period of several years, but also a shorter period of quarters, months of even days. This latter would be interesting to see directly the impact of changing (economic or performance) circumstances on the investment strategy.
- *Performance indicators*. In this study the relations between the SCS and performance indicators is determined with use of correlation coefficients. However, it would be interesting to apply advanced quantitative methods to see exactly what the relation between the SCS and performance indicators are. Thereby, in this way one is better able to see which (combination of) indicators are relevant.

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Appendices

Appendix A: Investment styles

This table shows an overview of definitions and attritbutes of the investment styles as formulated by the NCREIF (National Council of Real Estate Fiduciaries): Core, Value-Added and Opportunistic (NCREIF, 2003). Nowadays in practice often a fourth category is used that is situated between Core and Value-Added regarding the risk/return: Core-Plus. The definitions and attributes of the Core-Plus investment style are based on the descriptions from the other investment styles.

Core	Core+	Value-add	Opportunistic
Asset Level			
		Definitions	
Assets that achieve a relatively high percentage of return from income and that are expected to exhibit low volatility	Assets that achieve a moderate to high percentage of return from income and that are expected to exhibit low to moderate volatility	Assets that exhibit one or more of the following attributes-achieve a significant portion of return from appreciation, exhibit moderate volatility, and / or are not currently considered as core property types. However, if the overall risk level is excessive, the asset should be classified as opportunistic	An asset that is expected to derive most of the return from appreciation or which may exhibit significant volatility in returns. This may be due to a variety of characteristics such as exposure to development, significant leasing risk, or high leverage, but may also result from a combination of moderate risk factors that in total create a more volatile return profile
		Attributes	
Major property types only – office, industrial, retail (neighborhood/ community centers, regional/super regional malls), multifamily	Major property types, plus other retail, hospitality, senior living, storage	Major property types, plus other retail, hospitality, senior living, storage	Non-traditional property types, including speculative development for sale or rent and land
Lifecycle: Operating	Lifecycle: Operating, Leasing	Lifecycle: Operating, Leasing	Development and redevelopment lifecycles
High occupancy	Considerable high to high occupancy	Moderate to well leased, substantially pre-leased development	Low economic occupancy
Low rollover concentration	Low to moderate rollover concentration	Moderate rollover concentration	High rollover concentration
Low total near term rollover	Low to moderate total near term rollover	Moderate total near term rollover	High total near term rollover
Low leverage	Low to moderate leverage	Moderate leverage	High leverage
Institutional market/location	Institutional market/location or high quality emerging markets	Institutional or emerging markets	Secondary and Tertiary markets and International Real Estate
Investment structures with significant control	Investment structures with significant or moderate control	Investment structures with significant or moderate control, but security or preferred position	Investment Structures with minimal control, unsecured positions
Portfolio Level			
		Definitions	
A Portfolio that includes a preponderance of core attributes. As a whole, the portfolio will have low lease exposure and low leverage. A low percentage of non-core assets is acceptable. As a result, such portfolios should achieve relatively high income returns and exhibit relatively low volatility.	A Portfolio that includes a preponderance of core attributes, with a few other assets with a less reliable income stream. As a whole, the portfolio will have low lease exposure and low leverage. A low to moderate percentage of non-core assets is acceptable. As a result, such portfolios should achieve relatively high income returns and exhibit relatively low to moderate volatility.	A Portfolio that generally includes a mix of core investments and others that will have less reliable income streams. The portfolio as a whole is likely to have moderate lease exposure and moderate leverage. As a result, such portfolios should achieve a significant portion of the return from appreciation and are expected to exhibit moderate volatility.	A Portfolio of preponderantly non-core investments that is expected to derive most of its return from appreciation and/or which may exhibit significant volatility in returns. This may be due to a variety of characteristics such as exposure to development, significant leasing risk, high leverage, or a combination of moderate risk factors.

Appendix B: REIT characteristics and requirements per studied country (2014)

This table provides an overview of characterics of the REIT regimes for each studied country. Of each of the six countries (Belgium, France, Germany, Italy, Netherlands and the United Kingdom) information and requirements are shown regarding the name of the REIT, the year or origin, the number of REITs, the total market capitalization, the max. Loan-to-value (% of total assets), the min. rate of distribution / dividend pay-out, and the min. allocation to real estate. This information is obtained from EPRA (2014), KPMG (2013) and PWC (2013).

Country	Regime	Enacted year	# REITS	Total market cap. (EUR bln.)	Max. LTV	Min. distribution	Min. allocation to real estate
Belgium	SICAFI	1995	17	8.356	65%	80% of net profit excl. capital gains if reinvested within 4 years.	Main activity must be passive real estate investments
France	SIIC	2003	33	60.033	-	85% of tax-exempt profits and 50% of capital gains	Main activity must be passive real estate investments
Germany	G-REIT	2007	3	1.278	66,25%	90% of net profits and 50% of capital gains	75%
Italy	SIIQ	2007	2	1.653	-	70% of tax-exempt profit and 50% of capital gains	80%
Netherlands	FBI	1969	5	8.984	60%	100% of taxable profit and 0% of capital gains if reinvested	Only passive investement activities
United Kingdom	UK-REIT	2007	22	52.855	-	90% of rental profits.	75%

Appendix C: Overview of the 20 studied European REITs

This table provides an overview of the sample consisting out of 20 Eurpean REITs, that is analyzed in this study. This sample consists out of the largest REITs in Europe with a maximum of 5 REITs per country, based on EPRA (2014). The table contains information regarding the year of founding and the year of IPO (initial public offering). The first one is the year in which the company is esthablished and the latter is the year in which the company became officially a REIT. The information regarding the CEO's is obtained by own research.

Country	Company name	Year of founding	Year of IPO	Property type	Current CEO	Current CEO since	Market Cap. (EUR mln.)
Belgium	Aedifica	2005	2006	Other	Stefaan Gielen	2006	702
Belgium	Befimmo	1995	1995	Office	Benoît De Blieck	1999	1.782
Belgium	Cofinimmo	1983	1996	Other	Jean-Edouard Carbonnelle	2012	2.212
Belgium	Warehouses De Pauw SCA	1971	1999	Industrial	Tony De Pauw	1999	1.237
Belgium	Wereldhave Belgium NV	1998	1998	Retail	Luc Plasman	2012	799
France	Foncière des Regions	1963	2007	Office	Christophe Kullmann	2007	6.312
France	Gecina SA	1959	2008	Office	Philippe Depoux	2013	8.935
France	ICADE	1954	2007	Office	Olivier Wigniolle	2015	6.898
France	Klépierre	1990	2003	Retail	Laurent Morel	2009	9.616
France	Unibail-Rodamco SE	2007	2007	Retail	Christophe Cuvillier	2013	26.118
Germany	Alstria Office REIT-AG	2006	2007	Office	Olivier Elamine	2006	1.047
Germany	Hamborner REIT AG	1953	2010	Retail	Rüdiger Mrotzek & Hans Richard Schm	2008	489
Italy	Beni Stabili SIIQ SpA	1904	2010	Office	Aldo Mazzocco	2001	1.541
Netherlands	Corio	2000	2000	Retail	Jean-Marc Jestin	2014	5.452
Netherlands	Nieuwe Steen Inv	1993	1998	Office	Johan Buijs	2008	787
Netherlands	Vastned Retail	1986	1987	Retail	Taco de Groot	2011	914
Netherlands	Wereldhave	1930	1969	Retail	Dirk Anbeek	2012	1.989
United Kingdom	British Land	1856	2007	Retail	Chriss Grigg	2009	12.131
United Kingdom	Hammerson	1942	2007	Retail	David Atkins	2009	7.189
United Kingdom	Land Securities	1944	2007	Retail	Robert Noel	2012	13.945

Appendix D: Statistical summary - Number of observations

#	Strategic variables	Score										TOTAL
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	8.733
A.	Allocation to real estate (%)	17	19	20	20	20	20	20	20	20	20	196
B.	Allocation to main property type (% of MV	17	18	18	20	20	20	20	20	20	20	193
C.	Geographical focus	17	19	20	20	20	20	20	20	20	20	196
D.	(Main) property type	17	19	20	20	20	20	20	20	20	20	196
E.	(Main) investment class	17	19	20	20	20	20	20	20	20	20	196
F.	Dividend pay-out (% of net cashflow)	14	15	15	16	17	17	17	17	17	17	162
G.	Acquisitions (% of market value)	16	17	18	20	20	20	20	20	20	20	191
H.	Disposals (% of market value)	16	17	18	20	20	20	20	20	20	20	191
I.	Loan-to-value	17	18	20	20	20	20	20	20	20	20	195
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	14	14	16	17	18	18	18	17	17	17	166
II.	RE portfolio market value (mln. EUR)	17	19	20	20	20	20	20	20	20	20	196
III.	Total amount of assets (mln. EUR)	17	20	20	20	20	20	20	20	20	20	197
IV.	Total amount of debt (mln. EUR)	17	18	20	20	20	20	20	20	20	20	195
V.	Equity (mln. EUR)	17	19	20	20	20	20	20	20	20	20	196
VI.	NAV per share (EUR)	17	17	20	20	20	20	20	20	20	20	194
VII.	Occupancy rate (%)	12	14	15	15	17	18	18	18	18	18	163
VIII.	Number of assets	10	12	13	14	15	14	14	13	13	13	131
IX.	Average value per sq.m (EUR)	14	14	16	17	17	17	17	17	17	17	163
X.	Average size per asset (sq.m)	10	12	13	14	14	13	14	13	13	13	129
XI.	Gross rental oncome (mln. EUR)	17	19	20	20	20	20	20	20	20	20	196
XII.	Financial expenses (mln. EUR)	11	12	14	14	14	15	15	15	15	15	140
XIII.	Net rental income (mln. EUR)	11	12	13	13	14	14	14	14	14	14	133
XIV.	Net result (mln. EUR)	13	14	14	14	14	14	14	14	14	14	139
XV.	Revaluation (mln. EUR)	16	17	17	18	18	18	18	18	18	18	176
XVI.	Operational profit (mln. EUR)	12	14	14	15	15	15	14	14	14	14	141
XVII.	Acquisitions (mln. EUR)	16	17	18	20	20	20	20	20	20	20	191
XVIII.	Disposals (mln. EUR)	16	17	18	20	20	20	20	20	20	20	191
XIX.	Number of shares (mln.)	16	18	20	20	20	20	20	20	20	20	194
XX.	Net cashflow per share (EPS)(EUR)	17	18	20	20	20	20	20	20	20	20	195
XXI.	Net dividend (EUR)	18	19	20	20	20	20	20	20	20	20	197
XXII.	Direct returns (EUR)	18	19	20	20	20	20	20	20	20	20	197
XXIII.	Indirect returns (EUR)	13	13	15	16	16	16	16	16	16	16	153
XXIV.	Total returns (EUR)	15	15	17	18	18	18	18	18	18	18	173
XXV.	Interest Coverage Ratio (ICR)	8	10	10	11	11	13	14	13	13	14	117
XXVI.	Weighted Average Lease Term	2	4	4	5	5	6	7	7	7	7	54
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	17	18	19	20	20	20	20	20	20	20	194
XXVIII.	Number of words	17	18	19	20	20	20	20	20	20	20	194
XXIX.	Characters (no spaces)	17	18	19	20	20	20	20	20	20	20	194
	Strategy sample											
XXX.	Number of pages	16	17	18	19	19	19	19	19	19	19	184
XXXI.	Number of characters	17	18	19	20	20	20	20	20	20	20	194
XXXII.	Number of syllable	17	18	19	20	20	20	20	20	20	20	194
XXXIII.	Number of words	17	18	19	20	20	20	20	20	20	20	194
XXXIV.	Number of sentences	17	18	19	20	20	20	20	20	20	20	194
XXXV.	Character per word	17	18	19	20	20	20	20	20	20	20	194
XXXVI.	Syllables per word	17	18	19	20	20	20	20	20	20	20	194
XXXVII.	Words per sentence	17	18	19	20	20	20	20	20	20	20	194
XXXVIII.	Flesch-Kincaid Reading ease	17	18	19	20	20	20	20	20	20	20	194
XXXIX.	Flesch-Kincaid Grade Level	17	18	19	20	20	20	20	20	20	20	194
XXXX.	*strateg*	16	17	18	19	19	20	19	20	20	20	188

Appendix D: Statistical summary - Mean

#	Strategic variables	Score 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL MEAN
A.	Allocation to real estate (%)	*95,1%*	*96,0%*	*96,3%*	*96,6%*	*95,7%*	*96,1%*	*97,7%*	*97,2%*	*96,4%*	*98,8%*	**96,6%**
B.	Allocation to main property type (% of MV	*67,5%*	*65,8%*	*68,6%*	*67,1%*	*68,5%*	*69,5%*	*69,7%*	*71,3%*	*71,0%*	*72,3%*	**69,1%**
C.	Geographical focus	-	-	-	-	-	-	-	-	-	-	**-**
D.	(Main) property type	-	-	-	-	-	-	-	-	-	-	**-**
E.	(Main) investment class	-	-	-	-	-	-	-	-	-	-	**-**
F.	Dividend pay-out (% of net cashflow)	*96,9%*	*76,6%*	*84,1%*	*87,3%*	*99,4%*	*82,3%*	*92,7%*	*84,9%*	*91,4%*	*87,3%*	**88,3%**
G.	Acquisitions (% of market value)	*5,0%*	*10,6%*	*9,9%*	*5,8%*	*2,1%*	*5,2%*	*5,6%*	*3,1%*	*3,5%*	*6,5%*	**5,7%**
H.	Disposals (% of market value)	*4,9%*	*4,0%*	*2,6%*	*3,8%*	*4,8%*	*4,5%*	*2,0%*	*4,0%*	*5,5%*	*3,0%*	**3,9%**
I.	Loan-to-value	*40,5%*	*38,3%*	*36,9%*	*42,8%*	*47,2%*	*45,9%*	*44,2%*	*43,8%*	*42,4%*	*41,4%*	**42,3%**
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	*1.373*	*1.239*	*1.664*	*1.664*	*2.002*	*1.944*	*1.969*	*1.640*	*1.656*	*1.658*	**1.681**
II.	RE portfolio market value (mln. EUR)	*4.476*	*5.145*	*6.600*	*6.573*	*5.686*	*6.022*	*6.417*	*6.515*	*6.933*	*7.199*	**6.157**
III.	Total amount of assets (mln. EUR)	*4.687*	*5.064*	*7.000*	*6.748*	*5.813*	*6.086*	*6.377*	*6.500*	*6.930*	*7.236*	**6.244**
IV.	Total amount of debt (mln. EUR)	*1.972*	*2.318*	*2.934*	*3.186*	*2.813*	*2.722*	*2.882*	*2.912*	*3.021*	*3.168*	**2.793**
V.	Equity (mln. EUR)	*2.289*	*2.585*	*3.599*	*3.116*	*2.526*	*2.869*	*3.023*	*3.096*	*3.340*	*3.580*	**3.002**
VI.	NAV per share (EUR)	*50*	*60*	*61*	*56*	*47*	*47*	*48*	*47*	*46*	*46*	**51**
VII.	Occupancy rate (%)	*93,9%*	*94,7%*	*95,1%*	*95,4%*	*94,3%*	*94,9%*	*95,0%*	*95,1%*	*94,8%*	*94,0%*	**94,7%**
VIII.	Number of assets	*272*	*226*	*191*	*191*	*340*	*353*	*290*	*300*	*287*	*269*	**272**
IX.	Average value per sq.m (EUR)	*2.491*	*2.883*	*2.756*	*2.634*	*2.425*	*2.588*	*2.734*	*2.829*	*2.949*	*3.104*	**2.739**
X.	Average size per asset (sq.m)	*12.760*	*12.095*	*10.766*	*10.125*	*10.367*	*9.733*	*11.125*	*10.372*	*10.499*	*11.616*	**10.946**
XI.	Gross rental oncome (mln. EUR)	*270*	*275*	*316*	*372*	*369*	*359*	*358*	*366*	*371*	*380*	**344**
XII.	Financial expenses (mln. EUR)	*98*	*96*	*128*	*190*	*143*	*117*	*128*	*131*	*127*	*130*	**129**
XIII.	Net rental income (mln. EUR)	*273*	*281*	*326*	*355*	*372*	*382*	*385*	*391*	*399*	*404*	**357**
XIV.	Net result (mln. EUR)	*350*	*505*	*295*	*-247*	*-166*	*389*	*215*	*150*	*204*	*212*	**191**
XV.	Revaluation (mln. EUR)	*295*	*481*	*357*	*-482*	*-696*	*246*	*109*	*46*	*2*	*129*	**49**
XVI.	Operational profit (mln. EUR)	*382*	*429*	*391*	*-20*	*-160*	*331*	*273*	*198*	*209*	*308*	**234**
XVII.	Acquisitions (mln. EUR)	*264*	*424*	*349*	*328*	*127*	*209*	*244*	*137*	*161*	*216*	**246**
XVIII.	Disposals (mln. EUR)	*209*	*305*	*201*	*414*	*364*	*386*	*195*	*283*	*261*	*318*	**293**
XIX.	Number of shares (mln.)	*22.693*	*24.749*	*31.665*	*33.142*	*36.274*	*38.407*	*40.541*	*43.193*	*48.215*	*49.888*	**36.877**
XX.	Net cashflow per share (EPS)(EUR)	*11,0*	*12,4*	*12,5*	*8,4*	*7,6*	*7,6*	*7,4*	*6,1*	*6,4*	*6,7*	**8,6**
XXI.	Net dividend (EUR)	*6,4*	*6,6*	*7,2*	*8,6*	*7,7*	*6,2*	*6,1*	*6,0*	*6,1*	*6,2*	**6,7**
XXII.	Direct returns (EUR)	*6,4*	*6,6*	*7,2*	*8,6*	*7,7*	*6,2*	*6,1*	*6,0*	*6,1*	*6,2*	**6,7**
XXIII.	Indirect returns (EUR)	*7,6*	*21,2*	*-22,6*	*-19,4*	*6,4*	*2,3*	*-7,9*	*4,1*	*1,7*	*5,3*	**-0,1**
XXIV.	Total returns (EUR)	*14,2*	*26,6*	*-11,6*	*-7,8*	*14,1*	*8,6*	*-0,5*	*10,1*	*8,1*	*11,4*	**7,3**
XXV.	Interest Coverage Ratio (ICR)	*3,0*	*4,1*	*3,2*	*2,8*	*3,3*	*4,0*	*2,9*	*2,9*	*3,2*	*3,5*	**3,3**
XXVI.	Weighted Average Lease Term	*9,7*	*8,8*	*9,6*	*8,8*	*8,1*	*7,9*	*7,2*	*6,9*	*6,6*	*6,5*	**8,0**
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	*137*	*138*	*162*	*169*	*192*	*207*	*217*	*225*	*239*	*247*	**193**
XXVIII.	Number of words	*39.579*	*43.980*	*56.158*	*52.462*	*61.241*	*65.945*	*69.754*	*70.945*	*76.394*	*70.166*	**60.662**
XXIX.	Characters (no spaces)	*211.581*	*235.308*	*302.300*	*284.299*	*338.268*	*352.854*	*377.324*	*385.540*	*417.583*	*381.637*	**328.670**
	Strategy sample											
XXX.	Number of pages	*4*	*3*	*7*	*8*	*5*	*7*	*6*	*6*	*7*	*8*	**6**
XXXI.	Number of characters	*4.282*	*5.144*	*5.293*	*5.825*	*7.499*	*7.920*	*6.749*	*6.402*	*6.656*	*6.669*	**6.244**
XXXII.	Number of syllable	*1.457*	*1.767*	*1.812*	*1.997*	*2.559*	*2.714*	*2.304*	*2.194*	*2.270*	*2.269*	**2.134**
XXXIII.	Number of words	*831*	*1.015*	*1.006*	*1.119*	*1.447*	*1.555*	*1.326*	*1.256*	*1.298*	*1.295*	**1.215**
XXXIV.	Number of sentences	*44*	*54*	*53*	*55*	*72*	*79*	*65*	*63*	*68*	*67*	**62**
XXXV.	Character per word	*5,2*	*5,1*	*5,3*	*5,3*	*5,2*	*5,1*	*5,1*	*5,1*	*5,1*	*5,2*	**5,2**
XXXVI.	Syllables per word	*1,8*	*1,8*	*1,8*	*1,8*	*1,8*	*1,8*	*1,7*	*1,8*	*1,8*	*1,8*	**1,8**
XXXVII.	Words per sentence	*18,7*	*19,7*	*19,4*	*20,9*	*20,1*	*19,7*	*20,2*	*20,9*	*19,9*	*20,4*	**20,0**
XXXVIII.	Flesch-Kincaid Reading ease	*38,9*	*37,2*	*35,3*	*33,2*	*36,2*	*38,2*	*39,6*	*36,2*	*38,4*	*36,3*	**36,9**
XXXIX.	Flesch-Kincaid Grade Level	*12,5*	*13,1*	*13,2*	*13,8*	*13,2*	*12,8*	*12,7*	*13,8*	*12,9*	*13,4*	**13,1**
XXXX.	*strateg*	*24*	*28*	*35*	*36*	*39*	*45*	*54*	*64*	*77*	*79*	**48**

Appendix D: Statistical summary - Median

#	Strategic variables	Score 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL MEDIAN
A.	Allocation to real estate (%)	*94,7%*	*95,2%*	*95,3%*	*94,5%*	*95,0%*	*93,2%*	*94,7%*	*95,5%*	*94,1%*	*96,8%*	**94,9%**
B.	Allocation to main property type (% of MV	*62,0%*	*57,7%*	*65,1%*	*58,6%*	*60,6%*	*64,3%*	*64,9%*	*70,4%*	*70,3%*	*73,0%*	**64,6%**
C.	Geographical focus	-	-	-	-	-	-	-	-	-	-	**-**
D.	(Main) property type	-	-	-	-	-	-	-	-	-	-	**-**
E.	(Main) investment class	-	-	-	-	-	-	-	-	-	-	**-**
F.	Dividend pay-out (% of net cashflow)	*93,9%*	*74,7%*	*89,1%*	*88,4%*	*87,1%*	*87,5%*	*90,8%*	*85,3%*	*87,5%*	*87,9%*	**87,7%**
G.	Acquisitions (% of market value)	*4,4%*	*4,9%*	*5,1%*	*5,0%*	*1,5%*	*3,1%*	*4,0%*	*3,0%*	*2,7%*	*3,1%*	**3,6%**
H.	Disposals (% of market value)	*3,7%*	*3,0%*	*1,5%*	*2,8%*	*3,2%*	*2,3%*	*1,6%*	*2,8%*	*3,1%*	*2,4%*	**2,8%**
I.	Loan-to-value	*36,7%*	*39,8%*	*38,3%*	*41,7%*	*49,5%*	*45,8%*	*42,6%*	*43,6%*	*43,7%*	*40,0%*	**42,2%**
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	*1.284*	*1.067*	*1.189*	*1.124*	*1.487*	*1.537*	*1.765*	*1.718*	*1.700*	*1.741*	**1.512**
II.	RE portfolio market value (mln. EUR)	*3.043*	*3.748*	*3.662*	*3.782*	*3.630*	*3.687*	*3.768*	*3.791*	*3.752*	*3.657*	**3.717**
III.	Total amount of assets (mln. EUR)	*3.808*	*3.572*	*4.014*	*4.132*	*4.000*	*4.117*	*4.142*	*4.094*	*4.153*	*3.950*	**4.054**
IV.	Total amount of debt (mln. EUR)	*1.669*	*1.570*	*1.580*	*2.064*	*1.888*	*1.918*	*2.078*	*2.037*	*2.051*	*2.002*	**1.960**
V.	Equity (mln. EUR)	*1.648*	*1.841*	*1.763*	*1.809*	*1.776*	*1.860*	*1.824*	*1.710*	*1.796*	*1.846*	**1.803**
VI.	NAV per share (EUR)	*51*	*58*	*52*	*51*	*42*	*41*	*43*	*39*	*38*	*37*	**42**
VII.	Occupancy rate (%)	*94,9%*	*96,0%*	*95,6%*	*96,8%*	*95,4%*	*95,6%*	*95,6%*	*95,8%*	*96,3%*	*95,2%*	**95,6%**
VIII.	Number of assets	*72*	*67*	*99*	*92*	*96*	*104*	*91*	*103*	*104*	*112*	**98**
IX.	Average value per sq.m (EUR)	*2.075*	*2.291*	*2.221*	*2.215*	*2.240*	*2.415*	*2.619*	*2.811*	*2.942*	*3.048*	**2.353**
X.	Average size per asset (sq.m)	*11.640*	*10.820*	*9.960*	*9.326*	*8.051*	*6.591*	*7.771*	*6.315*	*7.206*	*7.332*	**7.911**
XI.	Gross rental oncome (mln. EUR)	*249*	*201*	*189*	*201*	*207*	*212*	*214*	*215*	*213*	*212*	**212**
XII.	Financial expenses (mln. EUR)	*102*	*47*	*114*	*141*	*100*	*105*	*103*	*94*	*97*	*107*	**102**
XIII.	Net rental income (mln. EUR)	*247*	*241*	*276*	*300*	*309*	*292*	*276*	*284*	*286*	*308*	**285**
XIV.	Net result (mln. EUR)	*158*	*188*	*114*	*-11*	*-42*	*81*	*63*	*35*	*54*	*44*	**59**
XV.	Revaluation (mln. EUR)	*107*	*264*	*70*	*-115*	*-197*	*17*	*12*	*8*	*6*	*1*	**10**
XVI.	Operational profit (mln. EUR)	*259*	*299*	*272*	*29*	*16*	*134*	*155*	*61*	*76*	*88*	**111**
XVII.	Acquisitions (mln. EUR)	*136*	*168*	*309*	*167*	*63*	*74*	*219*	*88*	*106*	*81*	**121**
XVIII.	Disposals (mln. EUR)	*98*	*53*	*89*	*89*	*113*	*87*	*116*	*122*	*129*	*105*	**101**
XIX.	Number of shares (mln.)	*13.349*	*13.374*	*18.572*	*18.600*	*19.771*	*19.972*	*20.150*	*20.400*	*21.871*	*28.847*	**19.871**
XX.	Net cashflow per share (EPS)(EUR)	*5,8*	*7,5*	*7,8*	*3,3*	*2,6*	*4,2*	*3,6*	*2,1*	*3,1*	*2,1*	**3,5**
XXI.	Net dividend (EUR)	*3,7*	*3,7*	*3,5*	*3,6*	*3,3*	*3,5*	*3,5*	*3,2*	*3,1*	*3,1*	**3,5**
XXII.	Direct returns (EUR)	*3,7*	*3,7*	*3,5*	*3,6*	*3,3*	*3,5*	*3,5*	*3,2*	*3,1*	*3,1*	**3,5**
XXIII.	Indirect returns (EUR)	*4,0*	*18,5*	*-11,3*	*-10,2*	*3,7*	*0,9*	*-5,2*	*0,4*	*0,1*	*3,5*	**0,6**
XXIV.	Total returns (EUR)	*11,1*	*23,9*	*-5,2*	*-6,1*	*10,9*	*6,6*	*-1,2*	*8,5*	*4,7*	*10,0*	**7,6**
XXV.	Interest Coverage Ratio (ICR)	*2,8*	*3,1*	*2,9*	*2,6*	*3,2*	*3,1*	*2,6*	*2,8*	*3,0*	*3,5*	**2,9**
XXVI.	Weighted Average Lease Term	*9,7*	*8,5*	*10,0*	*8,6*	*7,8*	*8,1*	*7,7*	*7,1*	*6,8*	*6,3*	**7,9**
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	*132*	*137*	*140*	*151*	*156*	*184*	*197*	*197*	*221*	*207*	**170**
XXVIII.	Number of words	*40.953*	*45.240*	*51.169*	*53.130*	*57.531*	*65.282*	*67.723*	*70.664*	*75.995*	*72.430*	**61.406**
XXIX.	Characters (no spaces)	*235.006*	*249.051*	*273.551*	*293.194*	*331.463*	*340.861*	*360.019*	*380.575*	*428.232*	*393.263*	**336.162**
	Strategy sample											
XXX.	Number of pages	*2*	*2*	*2*	*3*	*3*	*4*	*4*	*4*	*5*	*5*	**4**
XXXI.	Number of characters	*4.327*	*5.556*	*4.855*	*5.227*	*5.947*	*6.902*	*6.090*	*5.507*	*6.041*	*6.420*	**5.751**
XXXII.	Number of syllable	*1.495*	*1.923*	*1.677*	*1.789*	*2.018*	*2.333*	*2.042*	*1.903*	*2.051*	*2.182*	**1.971**
XXXIII.	Number of words	*901*	*973*	*950*	*1.018*	*1.177*	*1.262*	*1.177*	*1.116*	*1.203*	*1.262*	**1.146**
XXXIV.	Number of sentences	*44*	*53*	*53*	*54*	*64*	*68*	*58*	*62*	*63*	*61*	**59**
XXXV.	Character per word	*5,1*	*5,0*	*5,2*	*5,1*	*5,1*	*5,0*	*5,0*	*5,1*	*5,0*	*5,2*	**5,1**
XXXVI.	Syllables per word	*1,7*	*1,7*	*1,8*	*1,8*	*1,8*	*1,7*	*1,7*	*1,7*	*1,7*	*1,8*	**1,7**
XXXVII.	Words per sentence	*19,4*	*19,3*	*18,7*	*19,9*	*19,8*	*20,0*	*20,4*	*19,8*	*19,1*	*20,4*	**19,8**
XXXVIII.	Flesch-Kincaid Reading ease	*40,9*	*42,4*	*34,7*	*35,3*	*38,4*	*40,8*	*41,1*	*37,1*	*41,5*	*33,1*	**39,6**
XXXIX.	Flesch-Kincaid Grade Level	*12,1*	*12,1*	*13,1*	*13,1*	*12,7*	*12,4*	*12,5*	*13,4*	*12,3*	*13,2*	**12,6**
XXXX.	*strateg*	*22*	*24*	*29*	*29*	*37*	*36*	*50*	*45*	*56*	*46*	**37**

Appendix D: Statistical summary - Minimum

#	Strategic variables	Score 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL MIN.
A.	Allocation to real estate (%)	*79,1%*	*80,5%*	*77,8%*	*83,0%*	*80,7%*	*85,8%*	*80,3%*	*85,2%*	*75,3%*	*86,3%*	**75,3%**
B.	Allocation to main property type (% of MV	*36,4%*	*36,8%*	*41,4%*	*42,2%*	*34,3%*	*37,6%*	*35,2%*	*35,4%*	*37,5%*	*34,6%*	**34,3%**
C.	Geographical focus	-	-	-	-	-	-	-	-	-	-	**-**
D.	(Main) property type	-	-	-	-	-	-	-	-	-	-	**-**
E.	(Main) investment class	-	-	-	-	-	-	-	-	-	-	**-**
F.	Dividend pay-out (% of net cashflow)	*68,8%*	*0,0%*	*46,1%*	*71,0%*	*79,9%*	*-91,1%*	*72,9%*	*55,0%*	*74,9%*	*75,0%*	**-91,1%**
G.	Acquisitions (% of market value)	*-4,9%*	*-18,8%*	*-10,5%*	*-19,8%*	*-10,3%*	*-2,6%*	*-7,1%*	*-17,3%*	*0,0%*	*0,0%*	**-19,8%**
H.	Disposals (% of market value)	*0,0%*	*-6,5%*	*-2,0%*	*-4,5%*	*-8,4%*	*-3,0%*	*-5,1%*	*-0,1%*	*-0,1%*	*-8,5%*	**-8,5%**
I.	Loan-to-value	*29,4%*	*13,7%*	*21,9%*	*27,3%*	*29,7%*	*34,1%*	*34,0%*	*34,2%*	*27,4%*	*34,0%*	**13,7%**
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	*157*	*50*	*129*	*149*	*149*	*152*	*152*	*177*	*172*	*237*	**50**
II.	RE portfolio market value (mln. EUR)	*320*	*110*	*247*	*273*	*308*	*376*	*398*	*500*	*505*	*717*	**110**
III.	Total amount of assets (mln. EUR)	*336*	*123*	*274*	*281*	*299*	*406*	*462*	*541*	*627*	*621*	**123**
IV.	Total amount of debt (mln. EUR)	*2*	*11*	*16*	*29*	*32*	*55*	*37*	*7*	*17*	*103*	**2**
V.	Equity (mln. EUR)	*227*	*57*	*156*	*160*	*154*	*181*	*215*	*268*	*272*	*270*	**57**
VI.	NAV per share (EUR)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	**1**
VII.	Occupancy rate (%)	*82,9%*	*83,9%*	*86,6%*	*85,1%*	*85,1%*	*89,0%*	*84,1%*	*81,1%*	*79,5%*	*79,9%*	**79,5%**
VIII.	Number of assets	*14*	*13*	*14*	*13*	*13*	*14*	*14*	*16*	*15*	*17*	**13**
IX.	Average value per sq.m (EUR)	*476*	*534*	*645*	*660*	*626*	*606*	*547*	*526*	*562*	*614*	**476**
X.	Average size per asset (sq.m)	*528*	*649*	*1.086*	*1.169*	*1.187*	*1.212*	*1.152*	*1.197*	*927*	*929*	**528**
XI.	Gross rental oncome (mln. EUR)	*22*	*3*	*13*	*20*	*22*	*25*	*25*	*33*	*36*	*39*	**3**
XII.	Financial expenses (mln. EUR)	*1*	*10*	*9*	*29*	*5*	*6*	*8*	*11*	*12*	*13*	**1**
XIII.	Net rental income (mln. EUR)	*77*	*28*	*11*	*17*	*20*	*22*	*28*	*33*	*41*	*43*	**11**
XIV.	Net result (mln. EUR)	*29*	*-0*	*-167*	*-1.574*	*-1.074*	*-12*	*-255*	*-103*	*-134*	*-232*	**-1.574**
XV.	Revaluation (mln. EUR)	*-126*	*-141*	*-169*	*-1.773*	*-4.113*	*-408*	*-305*	*-375*	*-405*	*-385*	**-4.113**
XVI.	Operational profit (mln. EUR)	-	*-0*	*7*	*-1.441*	*-3.842*	*-253*	*15*	*15*	*-251*	*20*	**-3.842**
XVII.	Acquisitions (mln. EUR)	*-16*	*-81*	*-64*	*-147*	*-84*	*-22*	*-64*	*-183*	-	-	**-183**
XVIII.	Disposals (mln. EUR)	-	*-151*	*-57*	*-140*	*-257*	*-91*	*-161*	*-2*	*-5*	*-272*	**-272**
XIX.	Number of shares (mln.)	*285*	*58*	*291*	*291*	*703*	*708*	*713*	*713*	*713*	*784*	**58**
XX.	Net cashflow per share (EPS)(EUR)	*0*	*-0*	*0*	*-4*	*-5*	*-5*	*-0*	*-5*	*-5*	*-3*	**-5**
XXI.	Net dividend (EUR)	*0,02*	-	*0,03*	*0,01*	*0,02*	*0,02*	*0,02*	*0,02*	*0,02*	*0,02*	-
XXII.	Direct returns (EUR)	*0*	-	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-
XXIII.	Indirect returns (EUR)	*-3*	*-12*	*-148*	*-150*	*-10*	*-1*	*-23*	*-3*	*-2*	*-1*	**-150**
XXIV.	Total returns (EUR)	*1*	*-9*	*-143*	*-142*	*-7*	*-0*	*-19*	*-3*	*-1*	*-1*	**-143**
XXV.	Interest Coverage Ratio (ICR)	*1,5*	*1,5*	*1,7*	*1,7*	*1,9*	*1,6*	*1,8*	*1,7*	*1,6*	*1,8*	**1,5**
XXVI.	Weighted Average Lease Term	*3,4*	*3,4*	*3,7*	*3,1*	*3,0*	*3,0*	*3,0*	*3,0*	*3,4*	*3,4*	**3,0**
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	*44*	*38*	*59*	*47*	*64*	*68*	*84*	*87*	*73*	*81*	**38**
XXVIII.	Number of words	*3.022*	*6.590*	*15.916*	*8.764*	*12.078*	*17.975*	*8.302*	*8.469*	*10.472*	*9.115*	**3.022**
XXIX.	Characters (no spaces)	*15.677*	*35.302*	*85.082*	*49.522*	*57.789*	*95.077*	*45.971*	*46.119*	*56.370*	*47.141*	**15.677**
	Strategy sample											
XXX.	Number of pages	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	**1**
XXXI.	Number of characters	*480*	*1.260*	*1.966*	*2.768*	*2.305*	*2.849*	*2.950*	*3.547*	*3.009*	*2.955*	**480**
XXXII.	Number of syllable	*145*	*439*	*645*	*926*	*846*	*1.019*	*1.063*	*1.242*	*1.037*	*1.040*	**145**
XXXIII.	Number of words	*81*	*232*	*355*	*473*	*483*	*589*	*638*	*698*	*568*	*596*	**81**
XXXIV.	Number of sentences	*7*	*7*	*16*	*18*	*25*	*22*	*31*	*18*	*18*	*17*	**7**
XXXV.	Character per word	*4,7*	*4,6*	*4,8*	*4,8*	*4,6*	*4,7*	*4,6*	*4,6*	*4,6*	*4,7*	**4,6**
XXXVI.	Syllables per word	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	*1,6*	**1,6**
XXXVII.	Words per sentence	*11,6*	*11,1*	*13,7*	*14,8*	*12,5*	*13,0*	*14,4*	*14,1*	*13,8*	*15,5*	**11,1**
XXXVIII.	Flesch-Kincaid Reading ease	*18,0*	*10,4*	*8,0*	*8,7*	*5,6*	*7,7*	*11,1*	*9,4*	*13,7*	*10,5*	**5,6**
XXXIX.	Flesch-Kincaid Grade Level	*10,0*	*8,9*	*10,0*	*10,8*	*9,5*	*9,1*	*10,2*	*9,6*	*9,7*	*9,4*	**8,9**
XXXX.	*strateg*	*6*	*1*	*8*	*8*	*10*	*12*	*8*	*3*	*5*	*13*	**1**

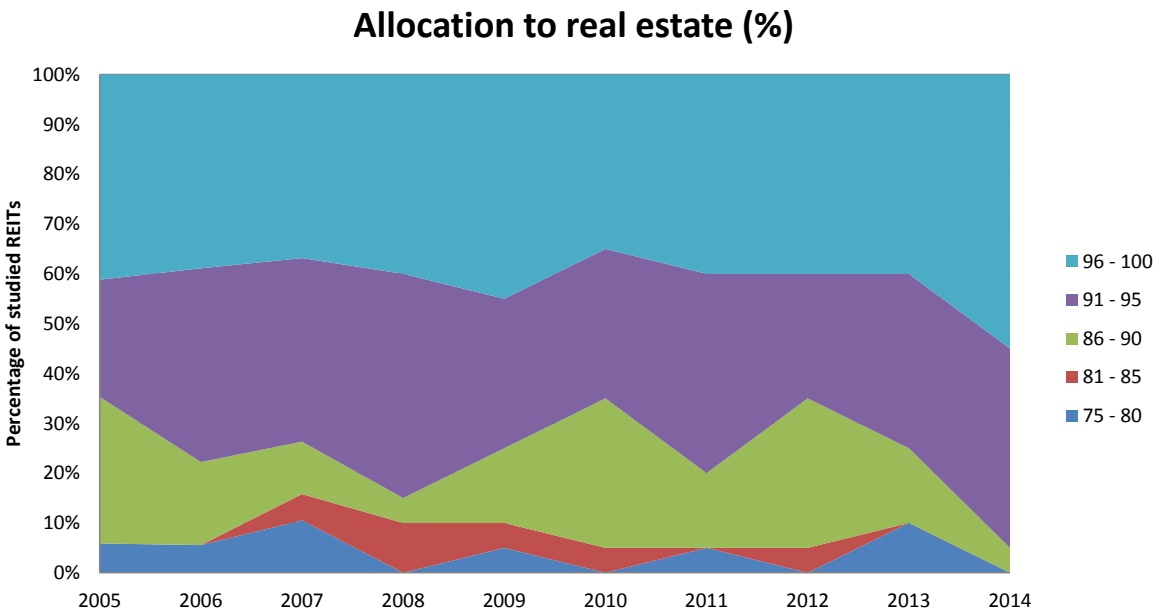
Appendix D: Statistical summary - Maximum

#	Strategic variables	Score 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL MAX.
A.	Allocation to real estate (%)	*119,3%*	*133,1%*	*141,7%*	*124,9%*	*117,8%*	*133,5%*	*131,8%*	*127,2%*	*132,3%*	*134,5%*	**141,7%**
B.	Allocation to main property type (% of MV	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	*100,0%*	**100,0%**
C.	Geographical focus	-	-	-	-	-	-	-	-	-	-	**-**
D.	(Main) property type	-	-	-	-	-	-	-	-	-	-	**-**
E.	(Main) investment class	-	-	-	-	-	-	-	-	-	-	**-**
F.	Dividend pay-out (% of net cashflow)	*132,5%*	*97,9%*	*131,0%*	*101,9%*	*201,2%*	*212,4%*	*130,8%*	*105,5%*	*137,3%*	*97,0%*	**212,4%**
G.	Acquisitions (% of market value)	*19,3%*	*101,9%*	*55,9%*	*25,1%*	*13,2%*	*19,0%*	*25,7%*	*15,2%*	*15,7%*	*37,5%*	**101,9%**
H.	Disposals (% of market value)	*15,4%*	*16,5%*	*11,8%*	*25,9%*	*22,4%*	*27,1%*	*7,8%*	*16,0%*	*42,1%*	*14,7%*	**42,1%**
I.	Loan-to-value	*52,0%*	*49,7%*	*46,9%*	*60,0%*	*59,8%*	*57,4%*	*57,2%*	*58,2%*	*55,8%*	*54,2%*	**60,0%**
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	*3.125*	*3.142*	*4.235*	*4.612*	*7.590*	*7.360*	*7.191*	*4.391*	*4.544*	*4.410*	**7.590**
II.	RE portfolio market value (mln. EUR)	*11.089*	*12.893*	*25.229*	*24.572*	*22.313*	*24.532*	*25.924*	*29.292*	*32.134*	*34.576*	**34.576**
III.	Total amount of assets (mln. EUR)	*12.278*	*14.025*	*25.546*	*24.924*	*22.646*	*24.977*	*26.403*	*29.571*	*32.345*	*35.570*	**35.570**
IV.	Total amount of debt (mln. EUR)	*6.538*	*6.684*	*10.525*	*10.161*	*8.289*	*9.609*	*10.127*	*11.724*	*13.555*	*16.108*	**16.108**
V.	Equity (mln. EUR)	*6.050*	*7.494*	*15.635*	*14.150*	*12.436*	*12.371*	*13.056*	*14.486*	*15.884*	*16.933*	**16.933**
VI.	NAV per share (EUR)	*108*	*141*	*169*	*151*	*128*	*125*	*131*	*138*	*146*	*151*	**169**
VII.	Occupancy rate (%)	*99,7%*	*99,4%*	*99,7%*	*99,0%*	*97,4%*	*98,2%*	*98,0%*	*98,3%*	*98,5%*	*97,6%*	**99,7%**
VIII.	Number of assets	*1.532*	*1.249*	*656*	*598*	*1.443*	*1.358*	*1.554*	*1.559*	*1.548*	*1.546*	**1.559**
IX.	Average value per sq.m (EUR)	*5.869*	*7.687*	*5.958*	*5.328*	*4.876*	*5.459*	*6.086*	*6.671*	*7.072*	*7.840*	**7.840**
X.	Average size per asset (sq.m)	*35.610*	*38.415*	*37.024*	*38.488*	*46.553*	*43.925*	*43.262*	*40.476*	*33.333*	*37.288*	**46.553**
XI.	Gross rental oncome (mln. EUR)	*604*	*690*	*880*	*1.423*	*1.473*	*1.485*	*1.463*	*1.548*	*1.584*	*1.702*	**1.702**
XII.	Financial expenses (mln. EUR)	*326*	*369*	*313*	*634*	*361*	*350*	*383*	*422*	*411*	*438*	**634**
XIII.	Net rental income (mln. EUR)	*517*	*589*	*1.100*	*1.216*	*1.257*	*1.257*	*1.262*	*1.318*	*1.352*	*1.465*	**1.465,0**
XIV.	Net result (mln. EUR)	*1.672*	*2.227*	*1.293*	*93*	*363*	*2.486*	*1.521*	*1.684*	*1.543*	*2.004*	**2.486**
XV.	Revaluation (mln. EUR)	*1.143*	*1.701*	*1.667*	*6*	*-7*	*1.702*	*829*	*1.203*	*518*	*1.314*	**1.702**
XVI.	Operational profit (mln. EUR)	*1.432*	*2.215*	*2.021*	*699*	*839*	*1.353*	*1.300*	*911*	*994*	*1.093*	**2.215**
XVII.	Acquisitions (mln. EUR)	*894*	*2.008*	*1.032*	*1.192*	*653*	*1.035*	*860*	*546*	*478*	*1.210*	**2.008**
XVIII.	Disposals (mln. EUR)	*690*	*1.722*	*870*	*2.718*	*1.928*	*1.658*	*926*	*1.303*	*846*	*2.028*	**2.718**
XIX.	Number of shares (mln.)	*66.254*	*85.606*	*138.493*	*166.214*	*181.972*	*189.648*	*189.648*	*199.470*	*199.470*	*199.470*	**199.470**
XX.	Net cashflow per share (EPS)(EUR)	*60*	*64*	*63*	*61*	*63*	*34*	*36*	*39*	*37*	*41*	**64**
XXI.	Net dividend (EUR)	*43*	*47*	*53*	*64*	*57*	*28*	*28*	*29*	*30*	*31*	**64**
XXII.	Direct returns (EUR)	*43*	*47*	*53*	*64*	*57*	*28*	*28*	*29*	*30*	*31*	**64**
XXIII.	Indirect returns (EUR)	*30*	*73*	*3*	*55*	*27*	*7*	*0*	*20*	*11*	*19*	**73**
XXIV.	Total returns (EUR)	*43*	*78*	*53*	*64*	*57*	*28*	*28*	*29*	*30*	*31*	**78**
XXV.	Interest Coverage Ratio (ICR)	*4,9*	*15,1*	*8,1*	*5,7*	*7,4*	*14,3*	*5,4*	*4,6*	*6,6*	*5,8*	**15,1**
XXVI.	Weighted Average Lease Term	*15,9*	*15,0*	*14,7*	*14,7*	*13,0*	*12,6*	*11,5*	*11,3*	*10,7*	*10,3*	**15,9**
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	*241*	*271*	*348*	*363*	*452*	*436*	*401*	*470*	*459*	*530*	**530**
XXVIII.	Number of words	*73.306*	*101.606*	*122.930*	*141.305*	*164.683*	*165.385*	*158.783*	*188.293*	*165.457*	*167.580*	**188.293**
XXIX.	Characters (no spaces)	*388.942*	*559.233*	*644.843*	*762.441*	*904.071*	*889.769*	*813.580*	*974.514*	*906.200*	*924.206*	**974.514**
	Strategy sample											
XXX.	Number of pages	*18*	*12*	*76*	*82*	*18*	*20*	*18*	*22*	*28*	*36*	**82**
XXXI.	Number of characters	*7.815*	*9.819*	*10.342*	*9.892*	*22.669*	*20.597*	*13.573*	*10.436*	*10.396*	*11.967*	**22.669**
XXXII.	Number of syllable	*2.611*	*3.378*	*3.642*	*3.428*	*7.733*	*7.091*	*4.591*	*3.578*	*3.602*	*4.029*	**7.733**
XXXIII.	Number of words	*1.519*	*1.994*	*2.030*	*2.012*	*4.421*	*4.216*	*2.594*	*2.138*	*2.090*	*2.531*	**4.421**
XXXIV.	Number of sentences	*75*	*113*	*87*	*97*	*168*	*203*	*130*	*111*	*131*	*158*	**203**
XXXV.	Character per word	*5,9*	*6,1*	*6,1*	*6,0*	*6,1*	*6,0*	*5,9*	*5,9*	*5,7*	*5,8*	**6,1**
XXXVI.	Syllables per word	*2,0*	*2,0*	*2,1*	*2,1*	*2,1*	*2,1*	*2,0*	*2,0*	*2,0*	*2,0*	**2,1**
XXXVII.	Words per sentence	*28,3*	*33,1*	*32,3*	*38,7*	*26,3*	*28,2*	*28,2*	*38,8*	*34,2*	*35,1*	**38,8**
XXXVIII.	Flesch-Kincaid Reading ease	*50,6*	*56,0*	*53,8*	*49,7*	*56,3*	*55,2*	*51,2*	*52,0*	*55,2*	*55,9*	**56,3**
XXXIX.	Flesch-Kincaid Grade Level	*17,2*	*19,7*	*17,9*	*20,8*	*18,3*	*18,2*	*17,4*	*22,1*	*18,0*	*18,7*	**22,1**
XXXX.	*strateg*	*44*	*60*	*72*	*94*	*95*	*120*	*147*	*188*	*260*	*268*	**268**

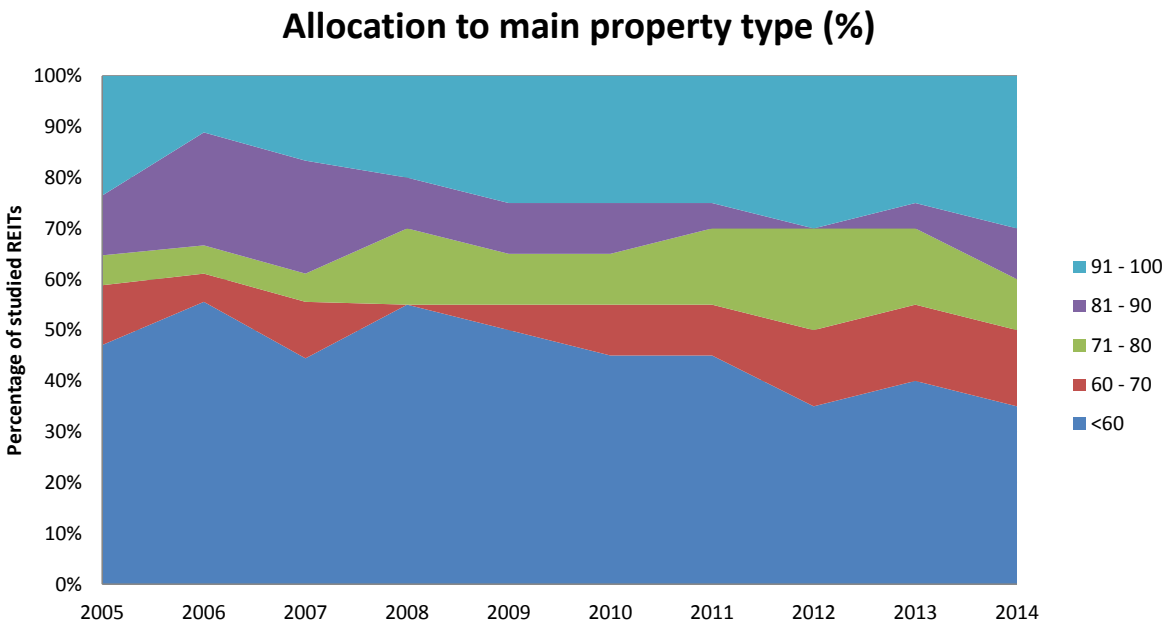
Appendix D: Statistical summary - Standard deviation

#	Strategic variables	Score 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL ST.DEV
A.	Allocation to real estate (%)	*8,8%*	*10,4%*	*13,3%*	*9,2%*	*8,5%*	*11,2%*	*12,3%*	*11,4%*	*13,9%*	*10,6%*	**10,9%**
B.	Allocation to main property type (% of MV	*21,5%*	*21,4%*	*19,7%*	*20,3%*	*20,7%*	*20,4%*	*19,9%*	*20,5%*	*20,7%*	*21,2%*	**20,3%**
C.	Geographical focus	-	-	-	-	-	-	-	-	-	-	**-**
D.	(Main) property type	-	-	-	-	-	-	-	-	-	-	**-**
E.	(Main) investment class	-	-	-	-	-	-	-	-	-	-	**-**
F.	Dividend pay-out (% of net cashflow)	*20,7%*	*31,6%*	*24,1%*	*9,6%*	*34,8%*	*69,3%*	*14,0%*	*13,0%*	*15,7%*	*6,5%*	**29,4%**
G.	Acquisitions (% of market value)	*5,0%*	*24,8%*	*13,9%*	*9,0%*	*3,1%*	*6,2%*	*6,1%*	*6,2%*	*3,8%*	*10,0%*	**10,5%**
H.	Disposals (% of market value)	*4,3%*	*5,5%*	*3,0%*	*6,0%*	*7,1%*	*6,9%*	*2,7%*	*4,3%*	*9,6%*	*4,5%*	**5,7%**
I.	Loan-to-value	*8,0%*	*11,5%*	*8,5%*	*10,1%*	*9,1%*	*7,2%*	*7,0%*	*7,3%*	*7,0%*	*6,7%*	**8,4%**
#	Additional variables											
I.	Gross floor area (x1000 sq.m)	*876*	*856*	*1.305*	*1.368*	*1.959*	*1.832*	*1.793*	*1.182*	*1.287*	*1.161*	**1.415**
II.	RE portfolio market value (mln. EUR)	*3.542*	*4.548*	*6.874*	*6.781*	*5.901*	*6.319*	*6.645*	*7.158*	*7.866*	*8.140*	**6.456**
III.	Total amount of assets (mln. EUR)	*3.684*	*4.734*	*7.543*	*6.934*	*5.872*	*6.257*	*6.500*	*6.968*	*7.706*	*8.234*	**6.507**
IV.	Total amount of debt (mln. EUR)	*1.766*	*2.263*	*3.180*	*3.200*	*2.800*	*2.708*	*2.830*	*2.969*	*3.354*	*3.758*	**2.905**
V.	Equity (mln. EUR)	*1.826*	*2.527*	*4.249*	*3.676*	*2.840*	*2.996*	*3.188*	*3.454*	*3.785*	*4.080*	**3.308**
VI.	NAV per share (EUR)	*34*	*44*	*47*	*44*	*38*	*38*	*39*	*39*	*41*	*40*	**40**
VII.	Occupancy rate (%)	*5,3%*	*4,3%*	*4,2%*	*3,5%*	*3,2%*	*2,8%*	*3,2%*	*3,9%*	*4,5%*	*4,9%*	**3,9%**
VIII.	Number of assets	*475*	*358*	*199*	*198*	*454*	*449*	*416*	*424*	*422*	*408*	**381**
IX.	Average value per sq.m (EUR)	*1.298*	*1.715*	*1.286*	*1.167*	*916*	*1.132*	*1.169*	*1.454*	*1.419*	*1.706*	**1.318**
X.	Average size per asset (sq.m)	*10.195*	*10.311*	*9.155*	*9.275*	*11.522*	*11.227*	*11.053*	*10.660*	*8.950*	*10.593*	**10.013**
XI.	Gross rental oncome (mln. EUR)	*189*	*229*	*293*	*380*	*378*	*375*	*374*	*384*	*397*	*409*	**345**
XII.	Financial expenses (mln. EUR)	*94*	*106*	*103*	*170*	*129*	*101*	*111*	*116*	*111*	*116*	**116**
XIII.	Net rental income (mln. EUR)	*150*	*190*	*299*	*329*	*337*	*352*	*355*	*363*	*377*	*392*	**320**
XIV.	Net result (mln. EUR)	*456*	*702*	*436*	*486*	*363*	*692*	*419*	*450*	*424*	*559*	**542**
XV.	Revaluation (mln. EUR)	*371*	*608*	*550*	*643*	*1.175*	*480*	*283*	*320*	*203*	*390*	**656**
XVI.	Operational profit (mln. EUR)	*426*	*581*	*523*	*490*	*1.062*	*470*	*369*	*267*	*314*	*389*	**553**
XVII.	Acquisitions (mln. EUR)	*276*	*621*	*273*	*383*	*171*	*276*	*226*	*181*	*164*	*313*	**315**
XVIII.	Disposals (mln. EUR)	*222*	*478*	*271*	*698*	*522*	*568*	*289*	*351*	*289*	*514*	**446**
XIX.	Number of shares (mln.)	*22.705*	*26.500*	*35.710*	*40.095*	*44.040*	*46.159*	*46.844*	*48.888*	*54.050*	*53.702*	**43.355**
XX.	Net cashflow per share (EPS)(EUR)	*15*	*16*	*17*	*16*	*16*	*10*	*10*	*11*	*11*	*11*	**14**
XXI.	Net dividend (EUR)	*10*	*11*	*12*	*15*	*13*	*8*	*8*	*8*	*9*	*9*	**10**
XXII.	Direct returns (EUR)	*10*	*11*	*12*	*15*	*13*	*8*	*8*	*8*	*9*	*9*	**10**
XXIII.	Indirect returns (EUR)	*10*	*25*	*37*	*42*	*9*	*3*	*8*	*7*	*4*	*6*	**23**
XXIV.	Total returns (EUR)	*12*	*24*	*39*	*44*	*14*	*8*	*13*	*10*	*9*	*9*	**24**
XXV.	Interest Coverage Ratio (ICR)	*1,2*	*4,0*	*1,8*	*1,2*	*1,5*	*3,3*	*0,9*	*0,7*	*1,2*	*1,0*	**1,9**
XXVI.	Weighted Average Lease Term	*8,8*	*4,8*	*4,6*	*4,2*	*3,6*	*3,1*	*2,7*	*2,8*	*2,6*	*2,5*	**3,4**
#	Textual analysis											
	Annual report											
XXVII.	Number of pages	*60*	*63*	*77*	*82*	*103*	*94*	*89*	*104*	*116*	*113*	**98**
XXVIII.	Number of words	*22.625*	*25.408*	*28.898*	*31.283*	*37.168*	*38.174*	*40.379*	*45.360*	*45.169*	*39.637*	**37.417**
XXIX.	Characters (no spaces)	*117.873*	*135.395*	*153.816*	*167.902*	*200.510*	*205.687*	*213.563*	*241.408*	*246.645*	*216.776*	**201.595**
	Strategy sample											
XXX.	Number of pages	*4*	*3*	*2*	*18*	*5*	*7*	*5*	*6*	*7*	*8*	**8**
XXXI.	Number of characters	*1.854*	*2.517*	*2.261*	*2.285*	*4.522*	*5.169*	*3.157*	*2.283*	*2.862*	*2.576*	**3.243**
XXXII.	Number of syllable	*620*	*862*	*796*	*793*	*1.533*	*1.773*	*1.073*	*776*	*969*	*869*	**1.107**
XXXIII.	Number of words	*363*	*522*	*421*	*458*	*875*	*1.045*	*616*	*456*	*549*	*527*	**642**
XXXIV.	Number of sentences	*17,8*	*27,5*	*18,2*	*20,0*	*34,2*	*48,2*	*25,4*	*23,8*	*30,9*	*31,8*	**30,3**
XXXV.	Character per word	*0,4*	*0,4*	*0,4*	*0,4*	*0,4*	*0,4*	*0,3*	*0,3*	*0,3*	*0,3*	**0,4**
XXXVI.	Syllables per word	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	*0,1*	**0,1**
XXXVII.	Words per sentence	*4,2*	*5,2*	*4,6*	*5,5*	*3,9*	*4,4*	*3,6*	*5,2*	*4,7*	*4,5*	**4,5**
XXXVIII.	Flesch-Kincaid Reading ease	*9,9*	*13,5*	*13,1*	*12,3*	*13,0*	*12,1*	*8,8*	*10,9*	*10,8*	*11,9*	**11,6**
XXXIX.	Flesch-Kincaid Grade Level	*2,0*	*3,0*	*2,6*	*2,6*	*2,4*	*2,5*	*1,7*	*3,2*	*2,3*	*2,6*	**2,5**
XXXX.	*strateg*	*14*	*17*	*19*	*23*	*21*	*28*	*35*	*49*	*62*	*67*	**43**

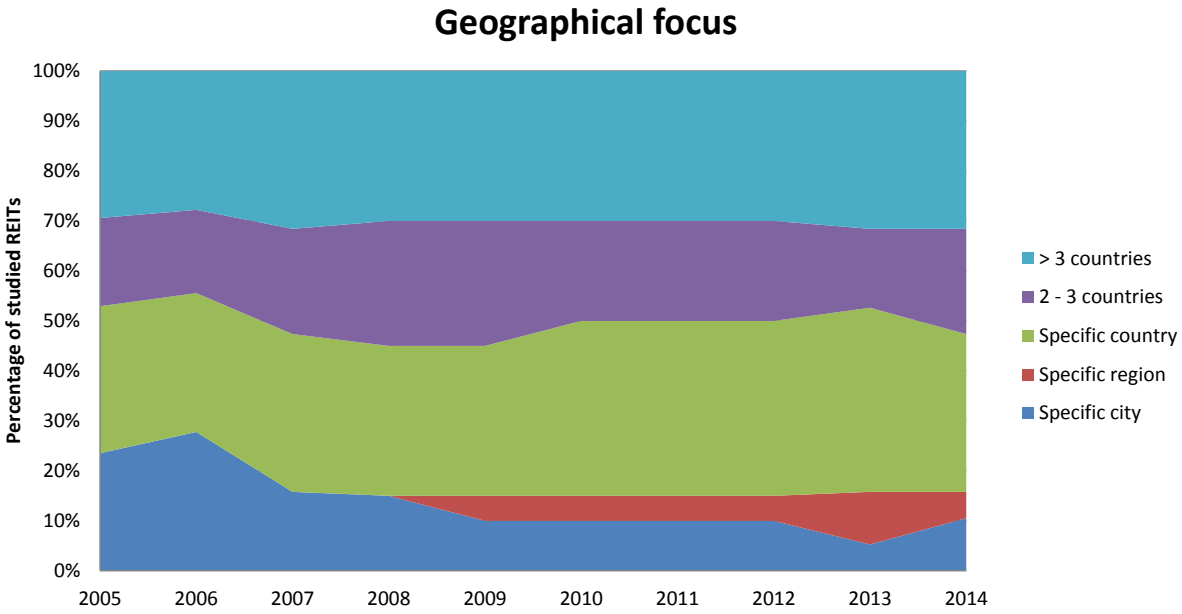
Appendix E - Visualizations of the distribution of the classes per year for each strategic variable



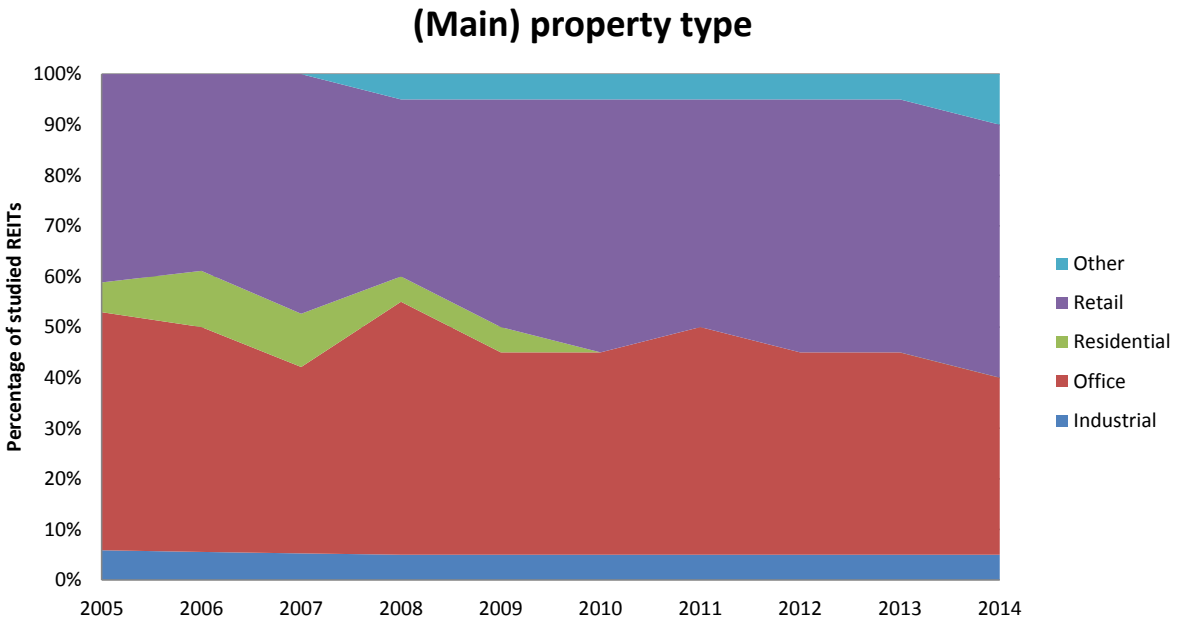
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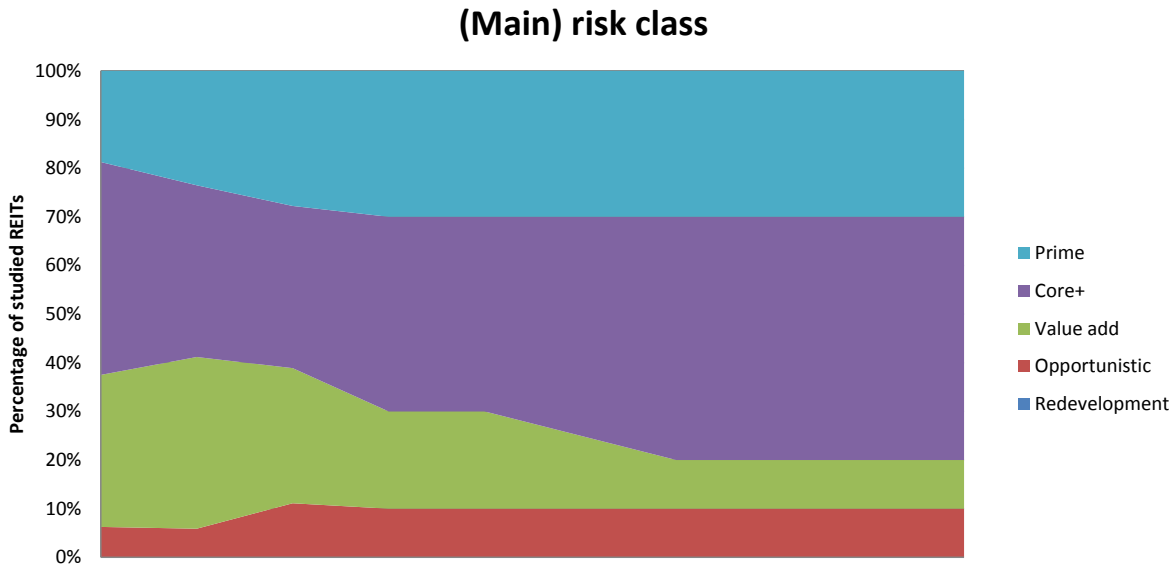
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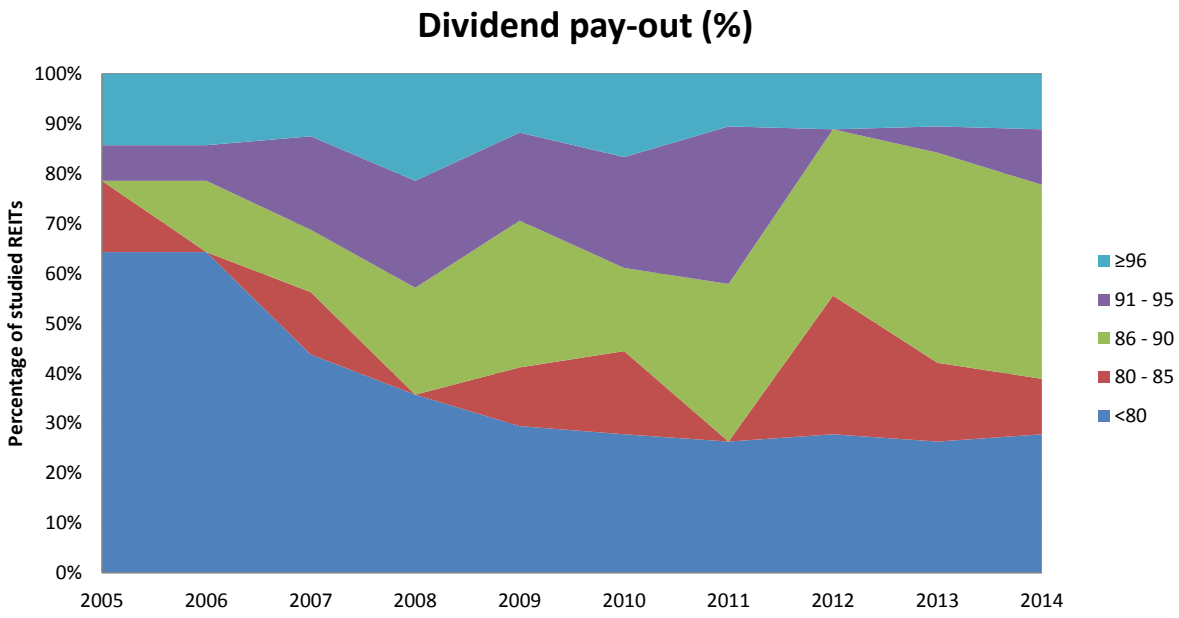
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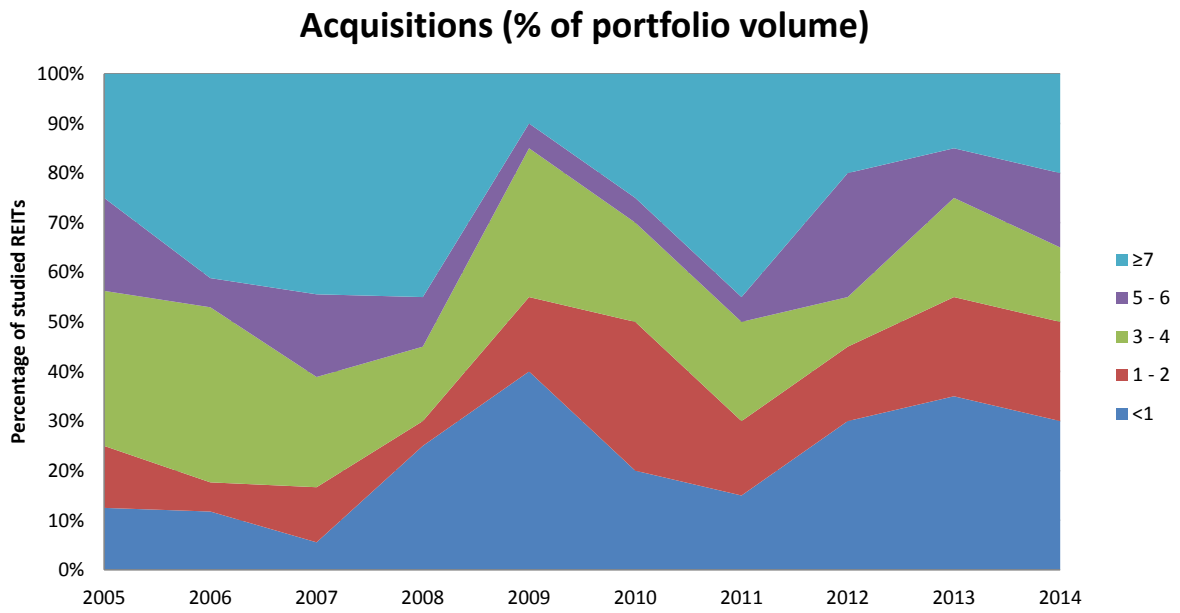
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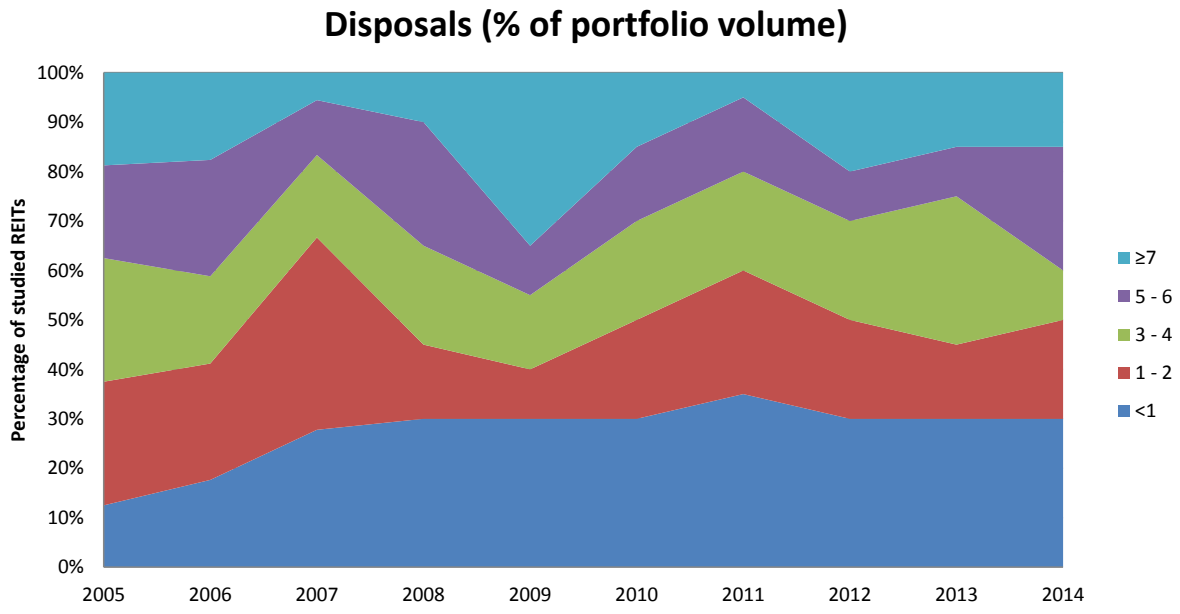
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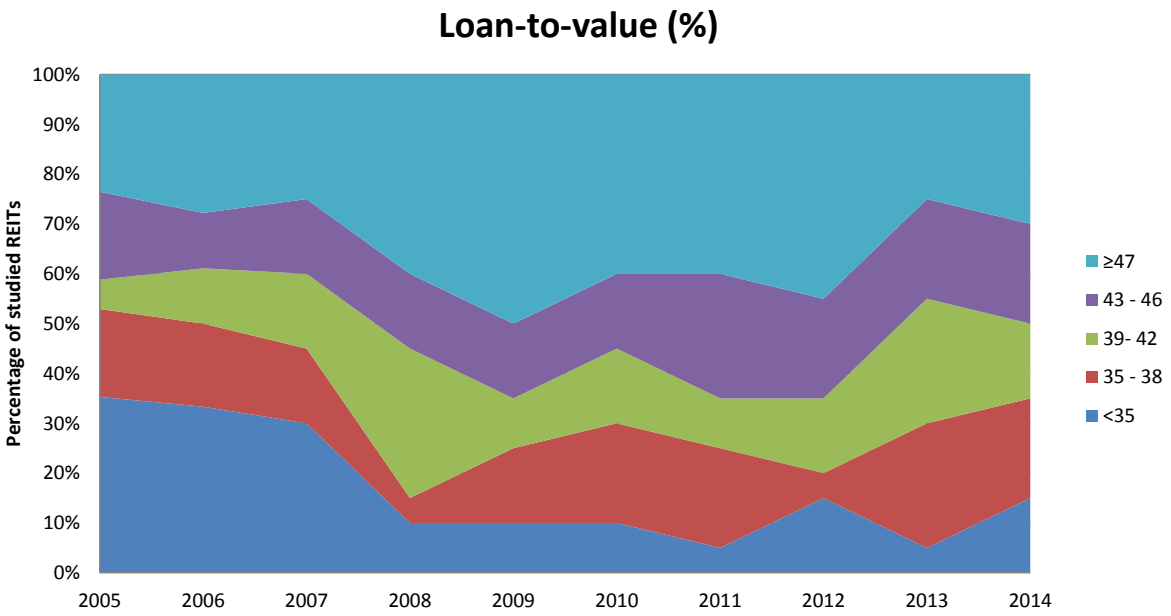
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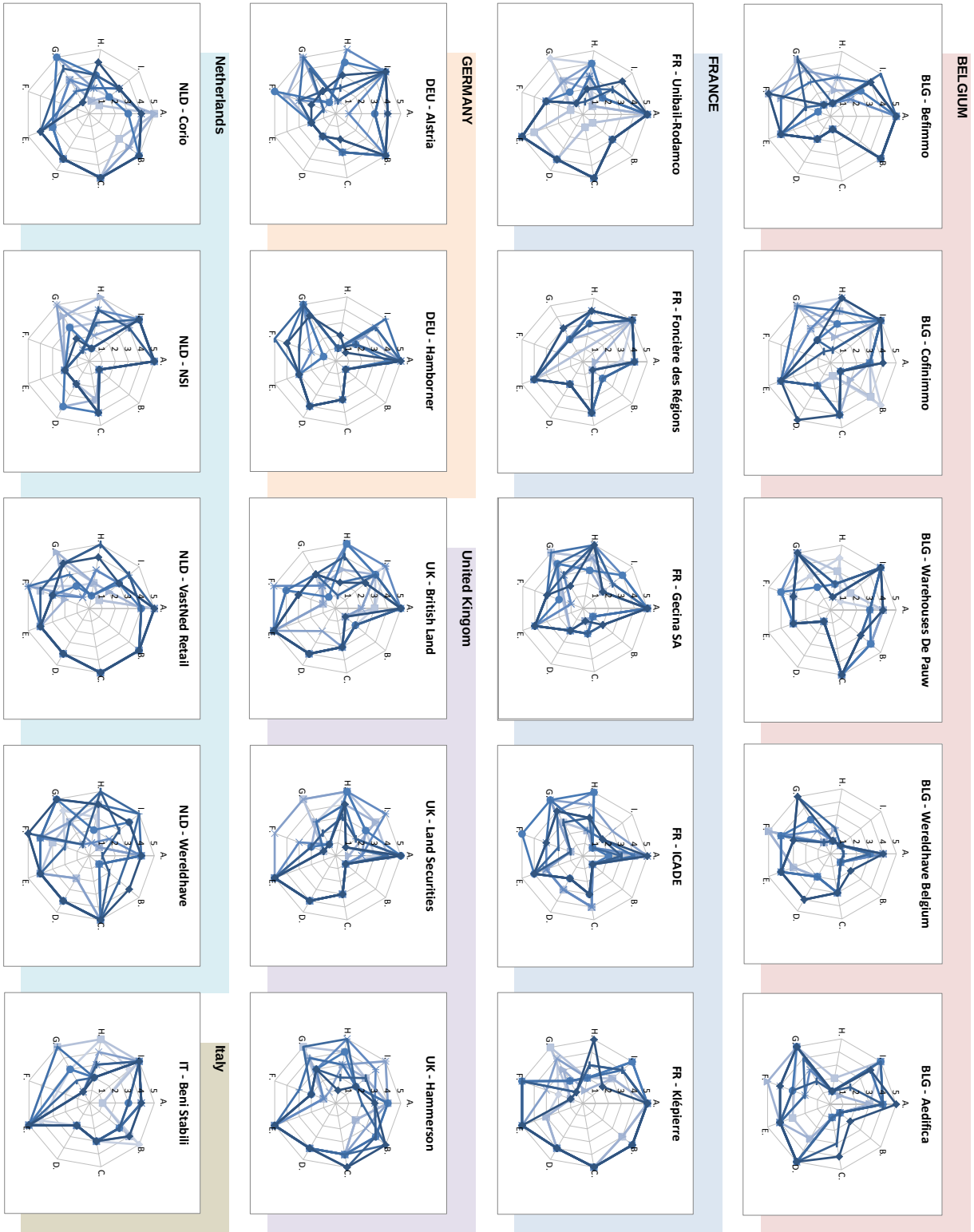


Appendix E - Visualizations of the distribution of the classes per year for each strategic variable



Appendix F: Strategic radar charts.

This overview consist out of strategic radar charts for each of the 20 REITs. The radar charts are based on the information from the annual reports, for the period 2005 till 2014. The darker the color of a specific 'web' is, the more recent the year and vice versa. In this way the radar charts provide a good way to show how the investment strategies of REITs have changed during this period. The letters A till I symbolize the following relevant strategic determinants which are derived from the literature and shown in Table 2.



Appendix G: Correlation overview

This table provides an overview of the correlationcoefficients between the Strategy Changeability Score (SCS) and each of the five performance indicators. The correlations are determined for the period 2005 till 2014 for each REIT, with exception of Corio due to a lack of data. The benchmark correlation considers the correlation between the total SCS benchmark and the median of the total return index per year. The mean comprises the mean correlation coefficient of all the REITs.

	Total Return Index (avg. py)		Stock price		Dividend yield		Book-to-Market ratio		Sharpe-Ratio	
	n-1	n	n-1	n	n-1	n	n-1	n	n-1	n
Aedifica	0,63	0,43	0,78	0,51	-0,22	0,47	0,92	0,36	0,06	-0,43
Befimmo	0,21	0,34	-0,09	0,11	0,14	-0,67	0,34	0,17	-0,06	0,35
Cofinimmo	0,43	0,54	0,59	0,50	-0,43	0,49	0,32	-0,63	-0,12	-0,47
Warehouses De Pauw SCA	-0,27	-0,32	-0,24	-0,30	-0,06	0,28	-0,23	-0,10	0,35	-0,16
Wereldhave Belgium NV	0,89	0,85	0,58	0,84	-0,71	-0,62	0,76	0,64	0,05	0,72
Foncière des Regions	0,49	-0,42	0,17	-0,33	0,58	0,16	-0,46	0,23	-0,47	-0,41
Gecina SA	0,42	-0,45	0,17	-0,50	0,70	0,46	-0,59	-0,04	-0,81	-0,47
ICADE	-0,14	-0,06	-0,16	-0,16	0,23	0,35	-0,42	-0,45	0,02	0,24
Klépierre	0,74	0,11	0,26	-0,32	0,46	-0,21	-0,51	-0,02	-0,56	-0,44
Unibail-Rodamco SE	-0,21	-0,16	0,37	-0,19	0,27	-0,49	-0,15	-0,87	0,32	-0,36
Alstria Office REIT-AG	-0,13	-0,60	-0,39	-0,25	0,10	-0,48	-0,28	0,52	0,02	0,00
Hamborner REIT AG	0,30	-0,26	0,51	-0,87	0,69	0,09	-0,75	0,02	0,12	-0,82
Beni Stabili SIIQ SpA	0,72	0,74	0,74	0,72	-0,12	0,06	0,78	0,35	-0,16	-0,45
Nieuwe Steen Inv	0,27	0,24	0,20	0,08	0,07	0,32	-0,02	0,45	-0,03	0,21
Vastned Retail	0,70	-0,12	0,33	-0,35	0,50	0,14	-0,55	-0,11	-0,42	-0,45
Wereldhave	-0,04	0,37	-0,51	-0,36	-0,10	-0,46	0,10	0,54	0,47	0,73
British Land	-0,31	-0,12	-0,25	0,35	-0,23	-0,38	0,78	-0,15	-0,31	0,23
Hammerson	0,17	-0,27	-0,32	-0,39	0,36	-0,31	-0,13	0,70	0,27	0,16
Land Securities	0,48	-0,35	0,23	-0,38	0,83	0,65	-0,42	-0,07	-0,60	-0,45
Benchmark	**0,79**	0,09	0,35	-0,42	-0,35	0,46	0,10	-0,51	-0,34	-0,59
Mean	0,31	0,03	0,17	-0,09	0,14	0,02	-0,02	0,05	-0,11	-0,14

Appendix H: Pattern of Reading Ease Scores (Flesch, 1948)

This table is constructed by Flesch (1948) and provides an indication of the 'desription of style' and which type of magazine is typical for a range of Reading Ease Scores (RES). The RES is positively related to the readability of text: the higher the score the easier it is to read. Besides, the table shows that the RES is negatively related to the number of syllables per 100 words and the average sentence length in words.

Reading Ease Score	Description of Style	Typical Magazine	Syllables per 100 words	Average Sentence Length in Words
0 to 30	Very difficult	Scientific	192 or more	29 or more
30 to 50	Difficult	Academic	167	25
50 to 60	Fairly difficult	Quality	155	21
60 to 70	Standard	Digests	147	17
70 to 80	Fairly easy	Slick-fiction	139	14
80 to 90	Easy	Pulp-fiction	131	11
90 to 100	Very easy	Comics	123 or less	8 or less