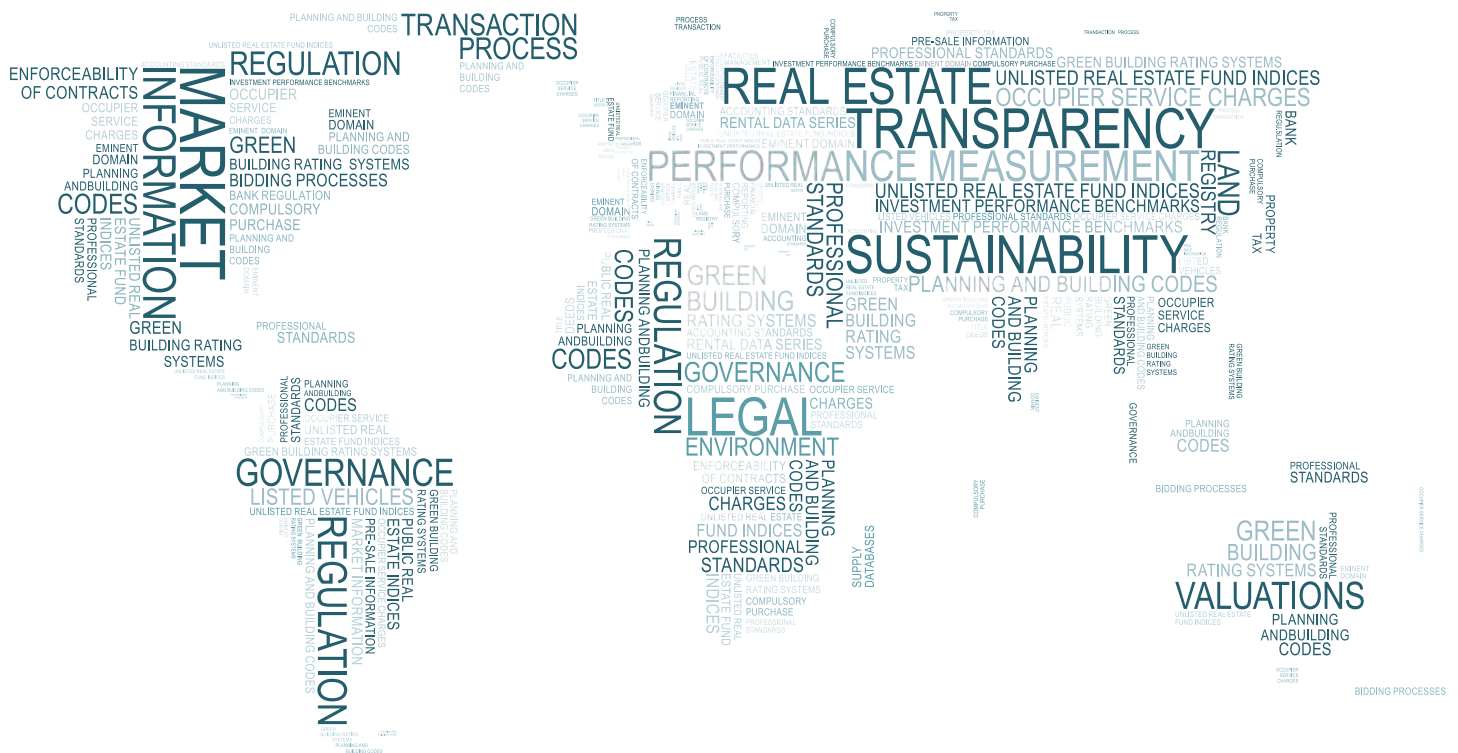


Real Estate Transparency Back on Track



Executive Summary

Renewed impetus in transparency improvements

Jones Lang LaSalle's 2012 Global Real Estate Transparency Index, which now extends to 97 markets, reveals renewed impetus in transparency improvements across the world's real estate markets. Following the slowdown in progress that was observed in several countries in the immediate aftermath of the Global Financial Crisis, our 2012 biennial survey highlights steady improvement during the past two years. Nearly 90% of markets have registered advances in real estate transparency since 2010.

Enhanced market fundamentals and performance benchmarks boost transparency levels

Improving market fundamentals data and performance measurement, combined with better governance of listed vehicles, have underpinned much of the transparency progress over the

past two years. Major leaps in performance data have been made in Brazil, Emerging Asia, Mexico and Central and Eastern Europe (CEE). Market fundamentals data has been enhanced in most markets, with several CEE countries, such as Poland, adopting and improving upon best practices for real estate market data collation.

Environmental sustainability emerges as a transparency factor

The issue of environmental sustainability is gradually moving to the forefront of real estate investor and corporate occupier concerns. In response, we have launched a separate Real Estate Sustainability Transparency Index for a sub-set of 28 countries, covering such issues as energy benchmarking and Green Building rating systems. The United Kingdom, Australia and France are the top scoring countries in this new Index.



Progress made, but much still to achieve

While steady progress in real estate transparency has been made over the past two years, much still needs to be done. The necessity for transparent real estate markets is increasingly recognised by government and industry bodies, but the pace of regulatory and legal reform has been slow. Improvement on the transparency of transaction processes has also been limited.

We see four main forces that will drive further progress in transparency through to our next update in 2014:

- The growing recognition in many emerging economies that the current lack of performance indicators and accurate market information is hindering inward investment and hampering the development of competitive domestic real estate sectors.
- The ongoing credit and sovereign wealth crises, particularly in Europe, will motivate regulators, central banks, foreign investors and other real estate professionals towards better transparency, in the process offering more public data on real estate debt and monitoring lenders more closely.
- As recent corruption scandals come to light (often involving the permit process for commercial real estate development), governments will pay closer attention to the circumstances that engender under-the-table payments.
- The role of properties' sustainability characteristics will play an increasing role in leasing and investment decisions, growing from a marginal criterion to a critical decision-making input. Such concerns will force greater transparency of energy efficiency and Green Building benchmarking.



MARKET HIGHLIGHTS

Anglophone markets continue to dominate top ranks

The world's most transparent markets continue to be dominated by the liquid Anglophone countries. The United States ranks as the world's most transparent real estate market in 2012, followed closely by the United Kingdom and Australia; New Zealand ranks fifth and Canada is in sixth place. They are joined by several European markets - Netherlands (4th), France (7th), Finland (8th), Sweden (9th) and Switzerland (10th), which together constitute the 'Highly Transparent' markets.

Latin America, South East Asia and South East Europe lead transparency improvements

The 2012 Index reveals that the largest improvements in transparency have been in markets in Latin America, South East Asia and South East Europe, as investors and corporate occupiers extend deeper into these geographies:

- Turkey once again tops the global league table of transparency improvement since 2010.
- In Latin America, Brazil's Tier 1 cities rank second globally in transparency improvement, where considerable progress in its real estate transparency has coincided with robust capital inflows in recent years. In the same league table of improvement, Mexico sits in third position.
- In Emerging Asia, increasing corporate occupier activity is encouraging the pace of transparency improvement in Indonesia, the Philippines and Vietnam.
- In South East Europe, Romania and Croatia join Turkey among the top improvers.

MIST markets take centre stage

The Index reaffirms the ascent of the MIST growth markets (Mexico, Indonesia, South Korea and Turkey) which all feature among the leading improvers, as their markets are opened up further and they embrace international best practice.



BRIC Tier 1 cities move towards transparency

The original four BRIC economies (Brazil, Russia, India and China) continue to make steady progress, with their Tier 1 cities now moving towards the 'Transparent' category. Brazil's Tier 1 cities is the first 'Transparent' market to emerge in the BRIC economies. China and Russia's Tier 1 cities are not far behind at the top end of the 'Semi-Transparent' category.

Core CEE markets approach the mainstream

Europe retains its position as the world's most transparent global region. Significantly, we have seen the virtual elimination of the gap in transparency between Western Europe and some of the 'core' CEE markets. Poland, for example, has transparency levels comparable to Western Europe and is now considered by some investors as a 'core' market.

Limited transparency improvements in the Middle East and North Africa

The pace of improvement in the Middle East and North Africa (MENA) has been slower than in other regions since 2010. Dubai remains the region's most transparent market, but the most significant progress has been in the Lebanon, where the market is gaining transparency and attracting more institutional players. By contrast, Egypt is the only market globally to have registered deterioration in transparency over the past two years.

Sub-Saharan Africa features for the first time

Recognising the growing interest in sub-Saharan Africa, particularly from corporate occupiers, the 2012 Index has been extended to include several new countries from this region. As the continent's only transparent market, South Africa sits head and shoulders above the rest, with Botswana, Mauritius and Kenya some way behind in the 'Semi-Transparent' category. However, most sub-Saharan markets occupy the 'Low Transparency' or 'Opaque' categories, propping up the bottom of the global pack.



Global Real Estate Transparency Index, 2012

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A New Transparency Index for 2012

Jones Lang LaSalle's Global Real Estate Transparency Index is a unique survey that quantifies real estate market transparency across 97 markets worldwide. The Index is updated every two years and has been charting the steady progress in real estate transparency across the globe since 1999. The 2012 Index is our seventh edition.

The Index aims to help real estate investors, corporate occupiers, retailers and hotel operators understand important differences when transacting, owning and operating in foreign markets. The Index is also a helpful gauge for governments and industry organisations who are interested in improving transparency in their home markets.

A number of significant refinements have been made to the 2012 Index in response to feedback from key users. This latest edition:

- incorporates more quantitative measures of real estate investment performance relating to directly owned real estate, public real estate securities and unlisted real estate funds.
- deepens the coverage of real estate market fundamentals by incorporating detailed empirically-derived measures of time-series data and database availability.
- expands the Index into new markets in sub-Saharan Africa (i.e. Angola, Botswana, Ghana, Kenya, Mauritius, Nigeria and Zambia) and Central America (i.e. the Bahamas, Cayman Islands, Guatemala, Honduras, Jamaica and Puerto Rico), as well as Brazil's Tier 2 cities, Iraq, Mongolia and Serbia. The Index now covers 97 markets, 16 more than in 2010.
- in recognition of the increasing relevance of environmental sustainability, we have launched a separate Real Estate Sustainability Transparency Index for a sub-set of 28 countries.

As in prior surveys, teams of researchers and business leaders from Jones Lang LaSalle and LaSalle Investment Management have worked together to assess the transparency in each of the 97 markets. Accounting, finance and legal experts have also been consulted, especially in emerging markets, in order to supplement our collective real estate knowledge.

The components of the Transparency Index have changed over time and therefore, to enable comparisons to be made across time, we have also calculated a Classic Transparency Index based on consistent weights and questions.

A new interactive website

The results of the 2012 Transparency Index are now presented in an interactive website:

www.joneslanglasalle.com/Transparency

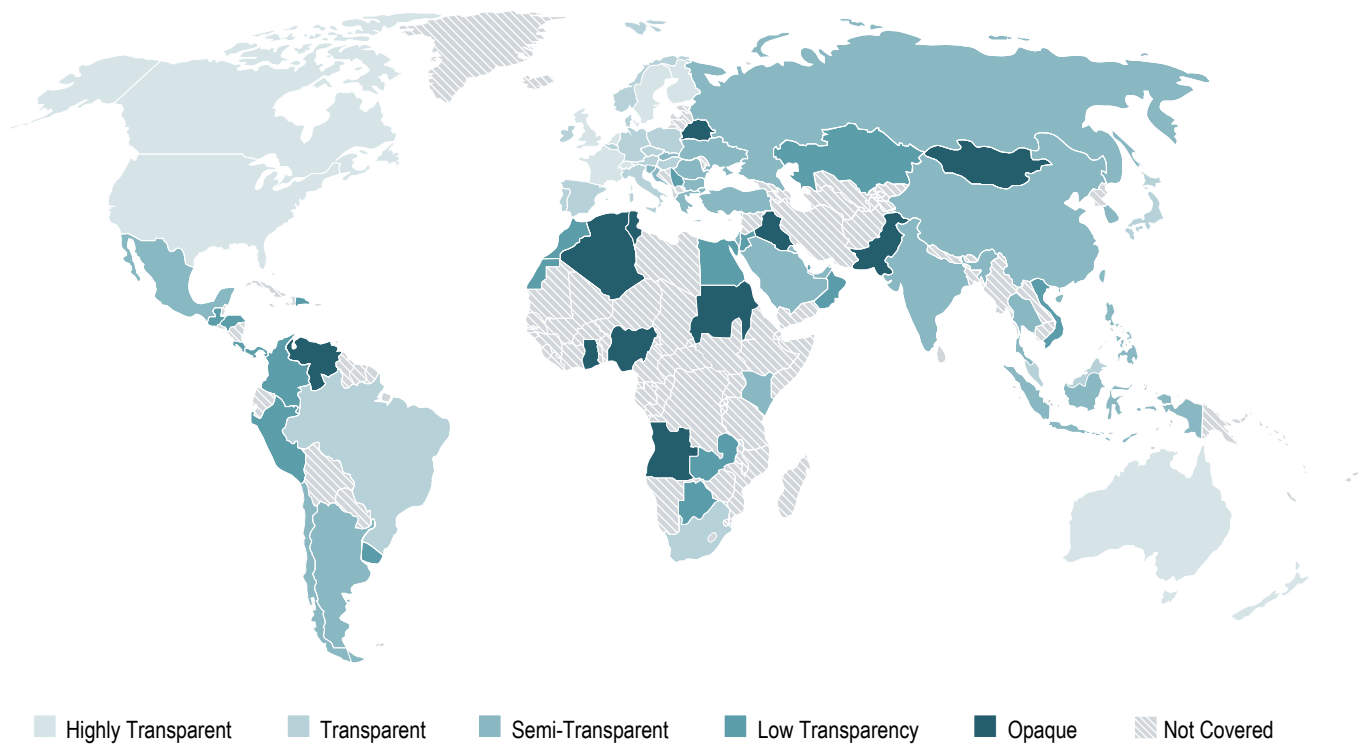
The website allows users to explore the different components of real estate transparency at a global, regional and national level. Datasets for all 97 markets covering composite and sub-index scores can also be downloaded, while a new interactive toolkit enables users to create their own Index based on bespoke weightings. A series of interactive global and regional maps create a visual comparison of transparency between markets and over time.

We trust that the enhanced 2012 Transparency Index will provide valuable insights into the changes in real estate transparency across the globe. A complete description of the methodology used to create this Index is set out in the Technical Note (see Page 41).

For more information about the Index and how we can help with your real estate decisions, please connect with one of the Global Real Estate Transparency Team (see back page).

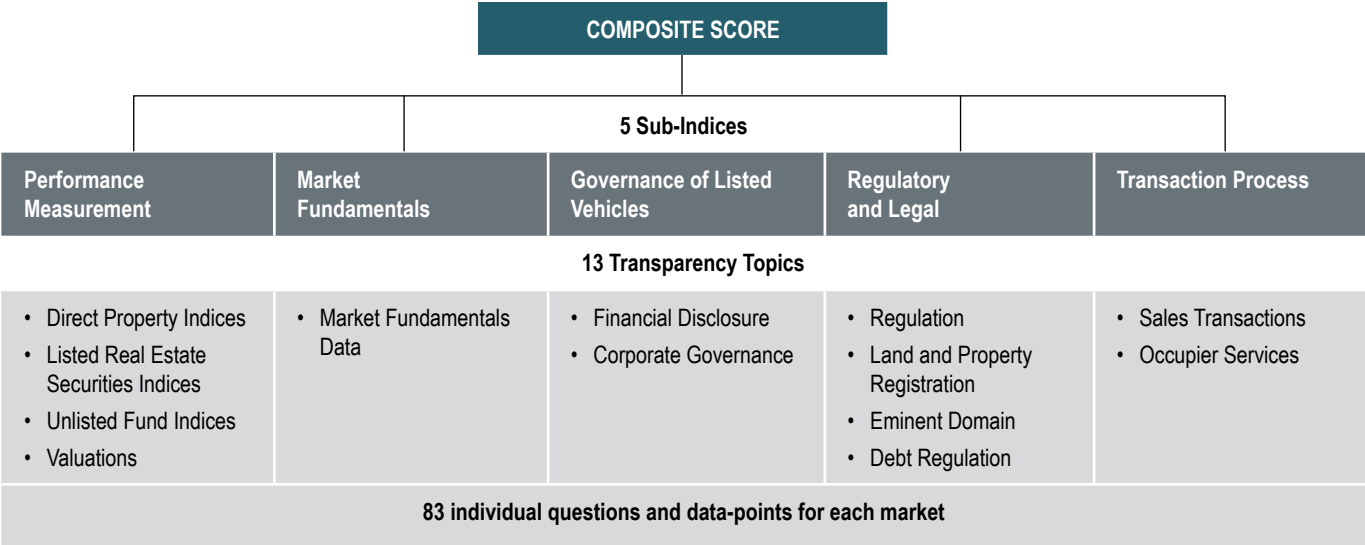
Global Real Estate Transparency Index

The 2012 survey covers 97 markets worldwide



Global Real Estate Transparency Index, 2012

Incorporates 83 different factors



Source: Jones Lang LaSalle, LaSalle Investment Management

Global Overview: Key Findings in 2012

Renewed impetus in transparency improvements

In 2010, when we last reported on real estate transparency in the immediate aftermath of the Global Financial Crisis, we highlighted a slowdown in transparency improvements in several markets as the real estate industry focused on survival rather than market advancement. Two years later, most developed markets have begun to recover from the recession of 2008 and 2009 and, while downside risks remain, the global real estate industry is in better shape than it has been for several years, reflected in renewed impetus to transparency improvements across the world's real estate markets.

Our latest 2012 Global Real Estate Transparency Index highlights steady progress in the majority of markets during the past two years. Nearly 90% of markets have registered an improvement in their transparency score since 2010, as the movement of capital and corporations around the world creates an even greater need for high-quality market information and performance benchmarks. This need, combined with the fight for inward investment, is encouraging governments to streamline bureaucratic processes and improve regulatory enforcement.

Top positions dominated by the more liquid Anglophone markets

The world's most transparent markets continue to be dominated by the more liquid Anglophone countries. The United States ranks as the world's most transparent real estate market in 2012, followed closely by the United Kingdom and Australia; New Zealand sits in fifth position and Canada is in sixth place. They are joined by several European markets - Netherlands (4th), France (7th), Finland (8th), Sweden (9th) and Switzerland (10th), which together constitute the world's 'Highly Transparent' markets. A re-ordering of these 'Highly Transparent' markets, relative to earlier editions, is largely due to our more detailed

World's Most Transparent Markets

Transparency Level	Global Rank	Market	Composite Score
Highly Transparent	1	United States	1.26
	2	United Kingdom	1.33
	3	Australia	1.36
	4	Netherlands	1.38
	5	New Zealand	1.48
	6	Canada	1.56
	7	France	1.57
	8	Finland	1.57
	9	Sweden	1.66
	10	Switzerland	1.67
Transparent	11	Hong Kong	1.76
	12	Germany	1.80
	13	Singapore	1.85
	14	Denmark	1.86
	15	Ireland	1.96

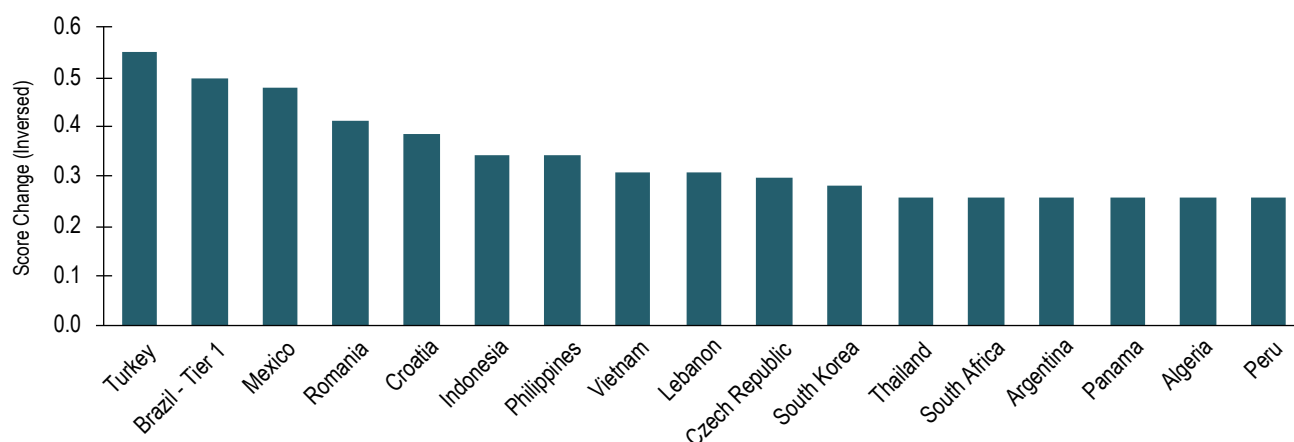
Note: Scores shown rounded to two decimal places; rankings are based on unrounded scores
Source: Jones Lang LaSalle, LaSalle Investment Management

approach to tracking market fundamentals and performance data series. However, the differences within this category are modest when compared to the large differences seen between this and the next tier of markets.

MIST markets take centre stage

Real estate investors and corporate occupiers are widening their activity across a broader range of markets, which is encouraging faster rates of transparency improvement in 'growth' and 'emerging' economies as their markets open up further to international competition and their real estate sectors embrace international best practice. Top improvers in 2012 are dominated by markets in Latin America, South East Asia and South East Europe. The 2012 Index puts the MIST markets (Mexico, Indonesia, South Korea and Turkey) among the leading improvers. Turkey once again heads the global league table of transparency improvement; Mexico sits in third place and Indonesia in sixth.

Top Improvers, 2010-2012



Note: Based on the Classic Index

Source: Jones Lang LaSalle, LaSalle Investment Management

BRIC Tier 1 cities move towards transparency

The BRIC markets (Brazil, Russia, India and China) which featured heavily among the top improvers in the 2010 survey, have continued to show improvement, particularly in their primary markets. Brazil has seen its Tier 1 cities emerge as the world's second fastest-improving market over the past two years – these cities are now the first representative 'Transparent' market in Latin America, with levels of transparency comparable to Hungary and Portugal. China and Russia's Tier 1 cities are not far behind at the top end of the 'Semi-Transparent' category. Progress has also been made in India's Tier 1 cities, although they lag the other BRIC primary markets.

Rising transparency associated with higher investment

The 2012 results reaffirm the relationship between real estate investment volumes and transparency. Rising levels of transparency are associated with higher levels of foreign direct real estate investment - a powerful incentive for encouraging the free flow of information as well as the fair and consistent application of local property laws. The world's fastest-growing direct commercial real

estate investment markets over the past two years – such as Brazil, Turkey, Indonesia and Vietnam – are all among the world's top 10 transparency improvers.

Improving market fundamentals data

We have continued to witness steady progress in the overall quality and depth of information on real estate market fundamentals, as real estate service providers, specialist data vendors and professional bodies extend their reach. At the head of the 2012 Market Fundamentals Sub-Index are the United States and Australia, characterised by long historic time-series data and extensive database coverage across multiple sectors. The Netherlands, Hong Kong, Canada, New Zealand and the UK also score well on market fundamentals. More significantly, however, is the strong showing of several CEE markets (such as Poland and the Czech Republic), which are setting new standards by establishing a collaborative approach to data collation. South East Asian markets and BRIC Tier 1 cities (with the exception of India) are also marked highly on market fundamentals, where a concentrated presence of international service providers, investors and corporate occupiers is boosting the quality of real estate information.

Nonetheless, across most of the emerging world, market fundamentals data remains poor. It is in this category of transparency where there is greatest scope for progress, with its Sub-Index showing the weakest average score of the five Transparency components.

Enhanced performance benchmarks

The United Kingdom, Australia and the United States, which have the world's best investment performance data, lead the ranking on the Performance Measurement Sub-Index. Major improvements in real estate performance data have taken place over the last two years in a number of countries; regional real estate industry associations and global index providers, such as the Asian Association for Investors in Non-Listed Real Estate Vehicles (ANREV) and Investment Property Databank (IPD), have been very active. New direct property returns indices have been launched in CEE, Emerging Asia and Brazil. While progress in public (listed) real estate securities and unlisted fund return indices has been more modest, improvements have been made; for example, a new Pan-Asia Fund Index was launched and Mexico saw the appearance of its first true commercial real estate focused REIT.

Debt transparency – still a critical component

In the 2010 Transparency Index we added a new component covering the availability of data on commercial real estate debt, and the extent to which national regulators monitor that debt. The heightened Eurozone crisis has continued to make the issue of real estate debt transparency highly relevant to international investors. Data on the amount of outstanding real estate debt by market, and knowledge about whether local regulators can prevent the overextension of credit in the future, helps investors and corporate occupiers better assess risks in markets where they operate.

The 2012 Index shows that debt transparency has improved modestly since 2010. Data on

outstanding debt and capital flows increased in 11 markets and regulators improved their oversight of commercial real estate lending in 15 markets. Canada, Australia, the United States, the United Kingdom and France continue to lead in data availability and regulatory oversight. Germany and Japan, however, still lack a detailed debt data series that extends over five years.

Environmental sustainability emerges as a transparency factor

As the issue of environmental sustainability comes to the forefront of real estate investor and corporate occupier concerns, we have created a separate Real Estate Sustainability Transparency Index for a sub-set of 28 countries. Transparency levels relating to sustainability are generally lower than those for the overall real estate market, given that environmental sustainability is still an evolving issue. The United Kingdom, Australia and France are the top scoring countries in this Index.

Looking ahead ... still much to achieve

The past two years have seen steady progress in real estate transparency in many markets across the globe with the biggest strides made in Latin America, South East Asia and 'Growth Europe'. Data availability is improving in most markets and performance indices are gradually being extended across a broader set of geographies, which is helping to boost overall transparency levels. However, much still needs to be done. At the lower end of the transparency spectrum there continues to be major gaps in market information, with serious deficiencies in many African, Middle Eastern and Latin American markets. Almost half of the markets covered by the Index still have little or no performance data.

While there is increasing recognition by governments of the importance of improving real estate transparency, there remains a sense that it is still not a major issue for policy makers and the pace of improvement in regulatory and legal reforms has been slow. Meanwhile a series of

corruption scandals across the globe, that have ensnared the real estate industry, have drawn attention to the need for robust regulatory and legal frameworks and fair real estate transaction processes. These factors are harder to change

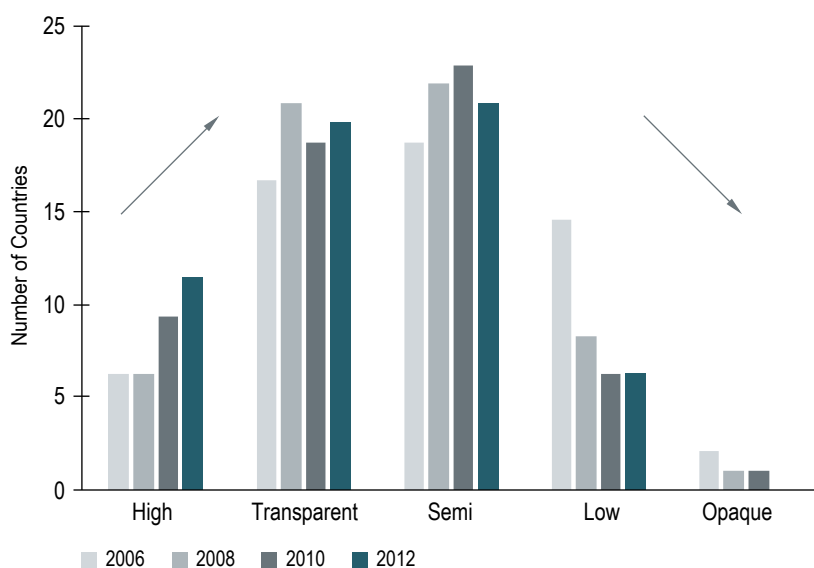
than improving market fundamentals and performance benchmarking.

Nonetheless, the forces moving the markets towards greater real estate transparency are compelling:

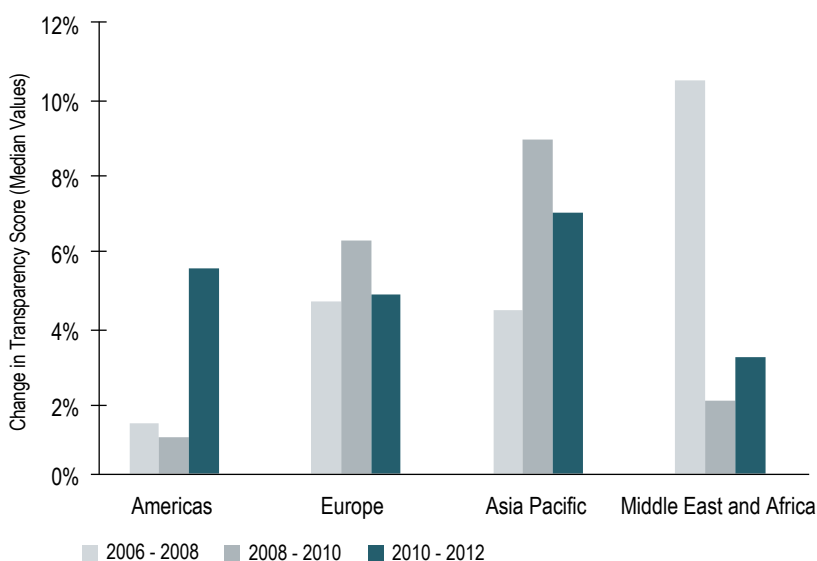
- The growing recognition in many emerging economies that the current lack of performance indicators and accurate market information has not only hindered inward investment but is also putting domestic sectors at a competitive disadvantage, will continue to force the pace of change.
- The ongoing credit and sovereign wealth crises, particularly in Europe, will motivate regulators, central banks, foreign investors and other real estate professionals towards better transparency, in the process offering more public data on real debt and monitoring lenders more closely.
- As recent corruption scandals come to light (often involving the permit process for commercial real estate development), governments will pay closer attention to the circumstances that engender under-the-table payments.
- The role of properties' sustainability characteristics will play an increasing role in leasing and investment decisions, growing from a marginal criterion to a critical decision-making input. Such concerns will force greater transparency of energy efficiency and Green Building benchmarking.

We expect these factors to have a positive impact over the next few years and to drive improvements in transparency through to our next update in 2014.

Change in Transparency Levels, 2006-2012



Change in Transparency Score, 2010-2012



Global Real Estate Transparency - Composite Index, 2012

Transparency Level	2012 Composite Rank	Market	2012 Composite Score
High	1	United States	1.26
	2	United Kingdom	1.33
	3	Australia	1.36
	4	Netherlands	1.38
	5	New Zealand	1.48
	6	Canada	1.56
	7	France	1.57
	8	Finland	1.57
	9	Sweden	1.66
	10	Switzerland	1.67
Transparent	11	Hong Kong	1.76
	12	Germany	1.80
	13	Singapore	1.85
	14	Denmark	1.86
	15	Ireland	1.96
	16	Spain	2.06
	17	Belgium	2.07
	18	Norway	2.08
	19	Poland	2.11
	20	Italy	2.16
	21	South Africa	2.18
	22	Austria	2.22
	23	Malaysia	2.32
	24	Czech Republic	2.34
	25	Japan	2.39
	26	Hungary	2.53
	27	Brazil - Tier 1	2.54
	28	Portugal	2.54
Semi	29	Taiwan	2.60
	30	Brazil - Tier 2*	2.75
	31	Turkey	2.76
	32	China - Tier 1	2.83
	33	Greece	2.84
	34	Israel	2.85
	35	Philippines	2.86
	36	Slovakia	2.90
	37	Russia - Tier 1	2.90
	38	Indonesia	2.92
	39	Thailand	2.94
	40	Romania	2.96
	41	South Korea	2.96
	42	Puerto Rico*	2.96
	43	Mexico	2.97
	44	Russia - Tier 2	2.98
	45	Chile	3.01
	46	China - Tier 2	3.04
	47	UAE - Dubai	3.05
	48	India - Tier 1	3.07
	49	India - Tier 2	3.08
	50	India - Tier 3	3.15
Semi	51	Croatia	3.16
	52	UAE - Abu Dhabi	3.23
	53	Macau	3.27
	54	Russia - Tier 3	3.28
	55	China - Tier 3	3.31
	56	Botswana*	3.36
	57	Bulgaria	3.41
	58	Argentina	3.42
	59	Mauritius*	3.43
	60	Cayman Islands*	3.45
Low	61	Ukraine	3.46
	62	Slovenia	3.50
	63	Bahrain	3.62
	64	Saudi Arabia	3.63
	65	Kenya*	3.70
	66	Lebanon	3.75
	67	Kuwait	3.76
	68	Vietnam	3.76
	69	Serbia*	3.78
	70	Costa Rica	3.79
Opaque	71	Bahamas*	3.81
	72	Qatar	3.82
	73	Jamaica*	3.85
	74	Oman	3.85
	75	Panama	3.87
	76	Morocco	3.88
	77	Egypt	3.88
	78	Zambia*	3.93
	79	Peru	3.95
	80	Jordan	3.97
Opaque	81	Uruguay	4.04
	82	Colombia	4.05
	83	Kazakhstan	4.09
	84	Dominican Republic	4.15
	85	Honduras*	4.20
	86	Guatemala*	4.20
	87	Venezuela	4.23
	88	Mongolia*	4.31
	89	Tunisia	4.38
	90	Ghana*	4.41
	91	Iraq*	4.44
	92	Pakistan	4.48
	93	Algeria	4.49
	94	Belarus	4.52
	95	Angola*	4.57
	96	Nigeria*	4.58
	97	Sudan	4.59

*Denotes new market added in 2012.

Markets that appear tied have slightly different scores at higher levels of precision.

Source: Jones Lang LaSalle, LaSalle Investment Management

A Focus on Performance Measurement

Benchmarking property performance

Investors rely on real estate returns data to guide investment decisions. Without historical returns indices, prospective international investors are flying blind, guessing about market risk-return profiles. This makes them much less likely to invest, raising the cost of their capital. Markets with established and high-quality returns data have a big advantage in attracting international capital and in supporting domestic investor allocations to real estate.

Performance data provides current real estate investors with a benchmark on which their property performance can be judged, enabling more efficient allocation between sectors and managers. Better returns information is a 'win-win' for buyers and sellers; buyers have a better idea of what risk-return trade-off to expect, while sellers benefit from a deeper pool of potential investors to whom they can sell assets. The power of performance data to improve market efficiency makes it a crucial component of the overall Transparency Index.

However, all real estate performance data is not created equal. There are three broad types of indices, each measuring a different type of real estate return. There are direct property returns, public (listed) real estate security returns and private (unlisted) real estate fund returns. Within each of these categories, indices differ in their quality, history and depth. Markets also differ in the frequency and criteria of the valuations used to create fund and direct property level indices. The enhanced 'Performance Measurement' component of the 2012 Transparency Index draws on 14 separate measures (see Technical Note) to capture these nuanced differences in performance measurement data between markets.

Top performance data in the UK, Australia and the US

The United Kingdom, Australia and the United States have the world's best investment performance data series. They are among only 11 markets globally measuring all three types of returns: property level, public and fund level. And, of those markets, the UK, Australia and the US have the longest index data series - over 20 years in every case. They also have among the deepest investment markets and highest index market coverage.

On the opposite end of the transparency spectrum, many markets still have little or no performance data; 43 of the 97 markets covered score 4.00 or lower. There is great potential for these markets to improve their transparency.

Major improvements in a number of markets

Major improvements in real estate performance data have taken place over the last two years. Data availability has not deteriorated in any market and large leaps ahead have been made in Brazil, Emerging Asia, Mexico and Central and Eastern Europe. Regional real estate industry associations and global index providers, such as the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the Asian Association

Performance Measurement Sub-Index: Top 20

Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score
1	United Kingdom	1.04	1.33
2	United States	1.13	1.26
3	Australia	1.21	1.36
4	Netherlands	1.33	1.38
5	Switzerland	1.54	1.67
6	New Zealand	1.54	1.48
7	France	1.63	1.57
8	Canada	1.87	1.56
9	Finland	1.97	1.57
10	Japan	2.05	2.39
11	Hong Kong	2.06	1.76
12	Sweden	2.07	1.66
13	Germany	2.12	1.80
14	Singapore	2.13	1.85
15	Italy	2.28	2.16
16	Norway	2.29	2.08
17	Austria	2.35	2.22
18	South Africa	2.35	2.18
19	Belgium	2.44	2.07
20	Spain	2.45	2.06

Note: Scores shown rounded to two decimal places; rankings are based on unrounded scores
Source: Jones Lang LaSalle, LaSalle Investment Management

for Investors in Non-Listed Real Estate Vehicles (ANREV) and Investment Property Databank (IPD), have been very active.

Growth in direct property returns indices

Ten countries have added property return indices, bringing the total number with property return data to 39. IPD, the largest global provider of property level returns data, introduced new property return indices for the Czech Republic, Poland and Hungary. IPD also introduced a Pan-Asia index that is now providing, in many cases for the first time, aggregate property return data for China, Indonesia, Malaysia, Thailand, Singapore and Hong Kong; and in Brazil, the BM&F and the Getulio Vargas Foundation (FGV) launched the IGIM-C index of Brazilian institutional property returns, with history extending to 2000.

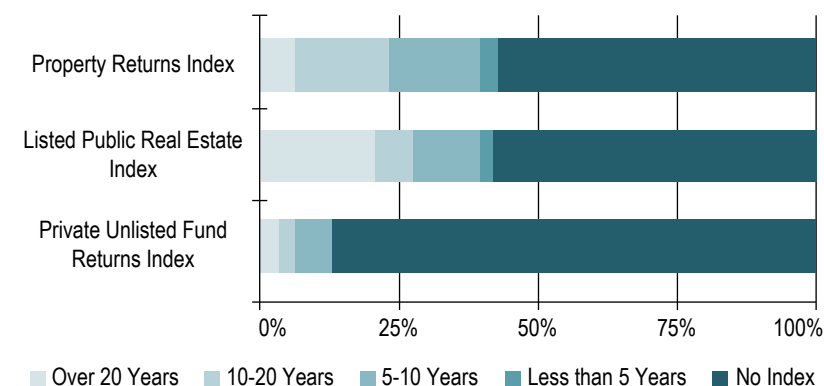
Modest improvement in public (listed) real estate securities

Improvement in public real estate securities' market transparency has been more modest than in private property level returns, in part because the public markets are already relatively transparent. Nevertheless, public real estate securities' markets have deepened and expanded. The estimated value of global gross assets under management by listed property companies is up over 17% in the last two years to US\$2.4 trillion. A total of 41 commercial real estate companies had IPOs between 2010 and 2012 and 44 countries now have listed commercial property companies. In 2011, Mexico saw the launch of two commercial real estate companies, one of them being the country's first true REIT. 38 countries have their own public real estate securities' indices, fairly flat from 2010, though the European Public Real Estate Association (EPRA) began a new Israeli index in 2010.

Unlisted real estate fund returns – the rarest performance measure

Unlisted fund return indices are the rarest performance measure; only 12 countries have

Performance Indices: Differences in Time Series



Source: Jones Lang LaSalle, LaSalle Investment Management

a fund index available. These indices include the impact that leverage has on returns and are therefore superior benchmarks for private real estate funds. In late 2011 ANREV launched the first ever industry performance measurement tool for the Asian unlisted property funds sector. This marks a significant step forward, as no aggregate fund data has previously been available in Emerging Asia. Also in 2012, Preqin, a leading private data provider on alternative investments, began to track private equity real estate fund performance.

Markets that already have high-quality unlisted returns data series have continued to add new, more detailed breakouts of this data. INREV, which tracks unlisted fund performance in 27 European markets, started to show returns on a quarterly basis for the first time in September 2010. IPD began its Pan-European Property Fund Index in 2011, an index specific to European cross-border open-end funds.

Further gains anticipated

The large improvements in performance measurement over the last two years have set the stage for continued gains. As additional funds join organisations such as ANREV, time series lengthen and new emerging markets launch property return indices, then data quality will continue to improve, strengthening the case for real estate investment in many markets and encouraging cross-border transactions.

Improving Market Fundamentals Data

An enhanced methodology in 2012

One of the essential building blocks of a transparent real estate market is the availability of a broad range of reliable, high-quality information on market fundamentals covering real estate prices, demand and supply across multiple sectors. Over recent years, our Transparency Index has tracked the steady improvement in the quality and depth of market fundamentals data, as real estate service providers (such as Jones Lang LaSalle), specialist data vendors, independent professional bodies and local/national governments have responded to the increasing demand from investors and corporate occupiers for timely and accurate data points.

Recognising that the range and depth of market information varies significantly even among the world's most transparent markets, we have refined our methodology in the 2012 Index to

capture subtle differences in this component of transparency. We have measured two components of market fundamentals for each sector (i.e. offices, retail, industrial, hotels and residential):

- **Time Series:** The length of high-quality and consistently-measured aggregated time-series data covering rents, gross take-up, net absorption, stock evolution, vacancy rates, yields, capital values, investment volumes (and for hotels, revenue per available room) in each country's primary real estate market.
- **Databases:** The availability and depth of databases that contain details on individual buildings (such as ownership, size and specification) or cover individual leasing and investment deals (with price information, deal size, terms and participants).

These two components have been combined to create an enhanced Market Fundamentals Sub-Index, which accounts for 20% of the overall Transparency Index. The results have enabled us to more accurately differentiate between markets.

Market Fundamentals Sub-Index: Top 20

Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score
1	United States	1.37	1.26
2	Australia	1.64	1.36
3	Poland	1.65	2.11
4	Netherlands	1.73	1.38
5	Hong Kong	1.74	1.76
6	Canada	1.79	1.56
7	New Zealand	1.80	1.48
8	United Kingdom	1.86	1.33
9	Czech Republic	1.92	2.34
10	Finland	2.08	1.57
11	Ireland	2.26	1.96
12	Germany	2.34	1.80
13	Singapore	2.34	1.85
14	Russia - Tier 1	2.47	2.90
15	Denmark	2.48	1.86
16	Sweden	2.51	1.66
17	Brazil - Tier 1	2.56	2.54
18	Italy	2.57	2.16
19	China - Tier 1	2.60	2.83
20	France	2.63	1.57

Note: Scores shown rounded to two decimal places; rankings are based on unrounded scores
Source: Jones Lang LaSalle, LaSalle Investment Management

United States and Australia in top positions on market fundamentals

The North American and Australasia markets feature strongly at the top of our enhanced Market Fundamentals Sub-Index, with the United States and Australia sitting in first and second position respectively; Canada and New Zealand follow closely in sixth and seventh places. These 'Highly Transparent' real estate markets are supported by time-series data across all sectors and major geographies and by comprehensive property databases. Databases like CoStar in the United States now contain basic data - such as location, size and space availability - for nearly every office, industrial and retail building in the country; over 80 billion square feet of stock in all. Other markets with transparent market fundamentals include the Netherlands, the UK, the Nordics, Germany, Hong Kong and Singapore, where market monitoring

systems are well established with data series often available as far back as the 1970s and 1980s.

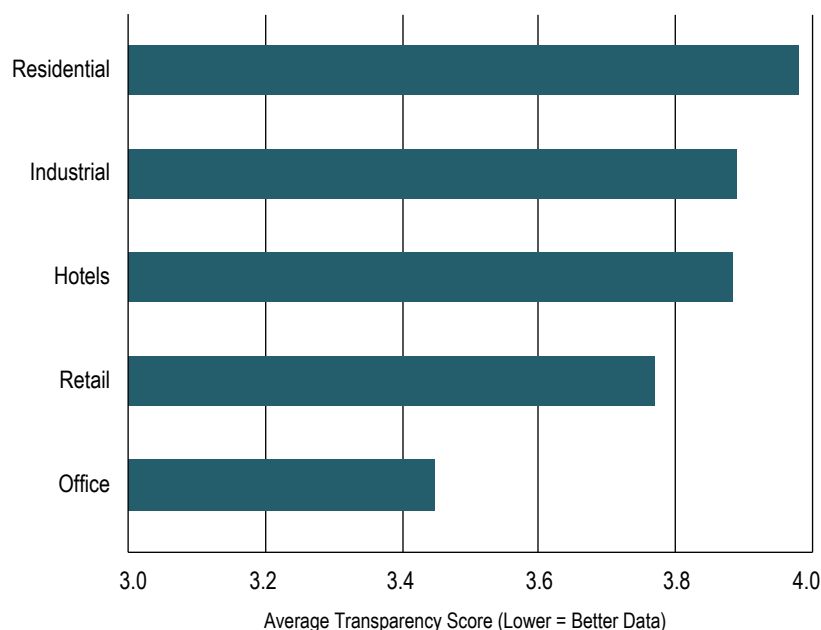
Strong showing of Central Europe, BRIC Tier 1 Cities and South East Asia

The survey results also highlight several 'growth' and 'emerging' real estate markets with unexpectedly high transparency scores on market fundamentals. Their strength reflects the recent evolution of these markets whereby monitoring systems and databases were set up at an early stage of market development, often by international real estate service providers who could shape systems to the standards of international practice. This is a particular feature of markets in Central Europe and South East Asia, which are now benefiting from long time-series data and comprehensive property databases.

Central European markets, such as Poland, the Czech Republic, Hungary and Slovakia, have seen transparency levels enhanced by the establishment of Research Forums in the major cities. These collaborative forums were founded by international real estate service firms to provide a platform to share non-sensitive real estate market information. Forums have been set up for the Warsaw, Prague, Brno, Budapest, Bratislava, Bucharest, Kiev and Moscow office markets, and there are plans to extend into more CEE cities such as Zagreb and Belgrade. Industrial and Retail forums are also being organised.

Across the Asia Pacific region, as well as Hong Kong and Singapore, several South East Asian markets - such as Malaysia, the Philippines, Thailand and Indonesia - have relatively high transparency scores on market fundamentals. Transparency levels have been boosted by robust market tracking systems, such as Jones Lang LaSalle's Real Estate Intelligence Service (REIS). The prime office markets - Kuala Lumpur, Manila, Bangkok and Jakarta - have market data tracked back to the late 1980s.

Market Fundamentals: Score by Real Estate Sector



Source: Jones Lang LaSalle, LaSalle Investment Management

It is a similar picture in BRIC Tier 1 cities which have also seen a rising quality of market information. Initiatives by the major international real estate service firms, combined with strong interest from investors and corporate occupiers, have lifted the depth and quality of real estate data in their primary markets.

Offices are the most transparent sector

With the office sector accounting for nearly half of global commercial real estate investment volumes (2009-2012), it comes as no surprise that the office sector has the strongest market fundamentals both in terms of time series and property databases. The retail sector follows, with the industrial, hotels and residential sectors having the lowest level of transparency. There are regional differences however; Asia tends to have better residential data while the Americas is stronger in the hotels sector than other regions, while in MENA there is a greater balance in the quality of data across all sectors.

Time-Series Data Availability by Real Estate Sector



Source: Jones Lang LaSalle, LaSalle Investment Management

Many markets continue to struggle with poor market fundamentals

'Market Fundamentals' is the category of transparency where there is greatest scope for improvement, with its sub-index showing the lowest average score of the five Transparency sub-indices. While some markets, such as those in the CEE region, have evolved quickly and created the framework for more transparent market monitoring, many others are still struggling to improve. Markets across much of Africa, the Middle East and Latin America are operating with very low levels of market information.

Our analysis also highlights several markets which have relatively strong regulatory and legal frameworks, but where the quality of real estate data provision does not match up. This is a feature of markets such as Israel, South Africa, Dubai, Chile and Puerto Rico, and to a lesser degree Japan and Austria. There are many reasons for the comparative weakness of market fundamentals in these countries, but it is often a characteristic of markets with strong domestic players and family businesses, which are less equipped or motivated to meet international requirements for transparent market data.

Introducing Real Estate Sustainability Transparency

A new Index tracking transparency of sustainability related issues

Thirteen years after the first Global Real Estate Transparency Index, we have for the first time this year included a quantitative assessment of the transparency of sustainability related issues. Sustainable development and its three classical pillars of social, environmental and economic drivers can be a complex topic to analyse. In order to allow focus for our initial assessment, we concentrate on the environmental issues of sustainability.

Since the first oil shocks in the 1970s and the rise of environmental concerns in the following decades, there have been two main drivers that have brought the issue of environmental sustainability to the forefront of real estate investor and corporate occupier concerns - the continued pressure of energy costs and the potential threats of future climate change and its impact on the value of real estate. Energy costs matter as they play a role in heating, air conditioning, ventilation and lighting of buildings, transport to and from buildings, and also building construction and renovation. Climate change on the other hand is driven by carbon emissions that are related to energy consumption in buildings and transport infrastructure. Building and transport-related CO₂ emissions account for more than half of all carbon emissions in modern economies.

For a sub-set of 28 countries, we have analysed tools and regulations for building energy design efficiency, operational performance, related carbon emissions reporting and general Green Building features, including environmental and also occupier health and wellbeing issues. We have looked at a number of elements that render the sustainability features of markets and assets more transparent:

- Energy efficiency requirements for new construction and renovations (Examples: Section J, Building Code of Australia; Part L, Building Regulations, UK)
- Energy Performance Benchmarking systems (Example: ENERGY STAR, USA)
- CO₂ emissions reporting (Example: Carbon Reduction Commitment Energy Efficiency Scheme, UK)
- Green Building rating systems (Examples: BCA Green Mark, Singapore; LEED, USA)
- Green Lease clauses (Example: Obligation of Environmental Annex to Lease Agreements, France)
- Financial Performance Index of 'green' real estate (Example: IPD Green Real Estate Index, France)

Sustainability is still an emerging issue

Compared to the overall Transparency Index score, the 28-country average score on the Sustainability Transparency Index is slightly lower. However, this does not take into account that for over two-thirds of the countries covered by the overall Index no reliable data is available to assess sustainability. This highlights the fact that the environmental sustainability concern is still an emerging topic, above all for developing countries.

The UK, Australia and France top the ranks

Driven by regulatory pressure and private-market voluntary performance measurement and rating tools, the United Kingdom, Australia and France are the three top ranking countries in the Sustainability Transparency Index.

- The UK, with the longest history of building energy efficiency regulations, introduced in the 1960s and with the world's first Green Building rating system, BREEAM (established in 1990), sits in first position.
- For many years now, Australia has been the global test-bed for new environmental laws, regulations and incentives, culminating in a range of Green Building rating minimum lease standards required for public occupiers.

- While the UK and Australia introduced sustainable building management tools and regulations early on, France's top score is driven by the recent introduction of the so called 'Grenelle' environmental law package (2009/2010), accelerating the sustainable construction and renovation movement in France.

With a certain distance from the top three ranked countries, but still with good transparency, follow Northern European and advanced Asian economies such as the Netherlands, Germany, Japan and Singapore. These countries have typically introduced local, market-specific Green Building rating tools and require energy efficiency standards for new and existing buildings.

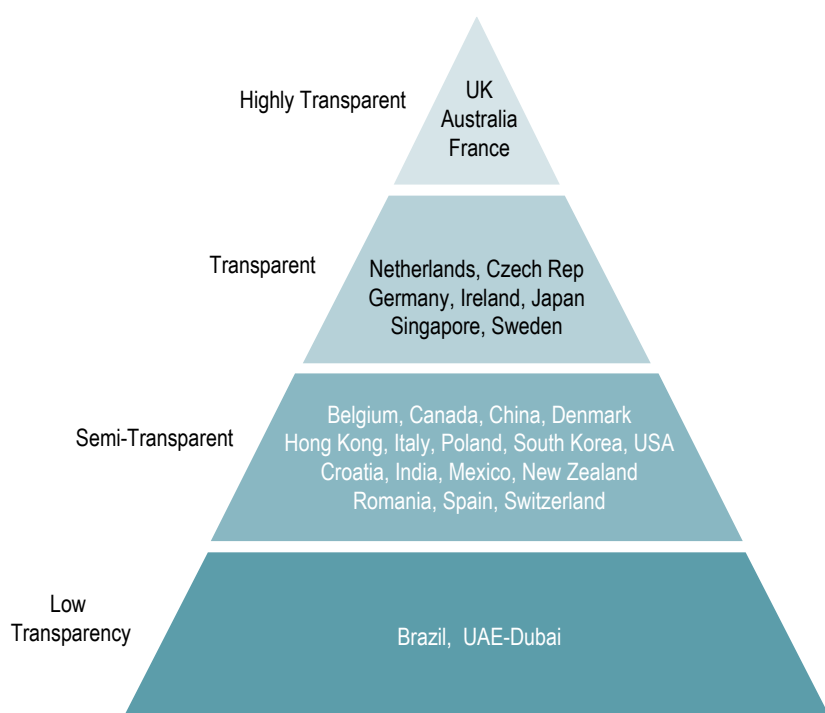
A large middle-field of semi-transparent markets

A large middle-field of countries represents the 'Semi-Transparent' markets in environmental sustainability issues, dominated by North American, Southern European and East Asian

countries. These markets are moving in the right direction with a mix of voluntary and mandatory/regulatory energy efficiency drivers and the availability of sometimes foreign, sometimes local, Green Building rating systems.

- Although it occupies first place in the overall Transparency Index, the United States has a relatively low sustainability score due to the absence of both a financial performance index and mandatory energy performance obligations for existing buildings. If we took into account mandatory municipal energy performance requirements for new and existing real estate, the US score would certainly be better, however our assessment is at a federal and state-level.
- Switzerland is in a similar position as an otherwise highly transparent country, underperforming on the Sustainability Transparency Index due to the lack of a market-specific Green Building rating system, a carbon reporting framework and financial performance indicators for sustainable buildings. However, the Swiss Sustainable Building Council is currently adapting the German Green Building label (DGNB) for local use.

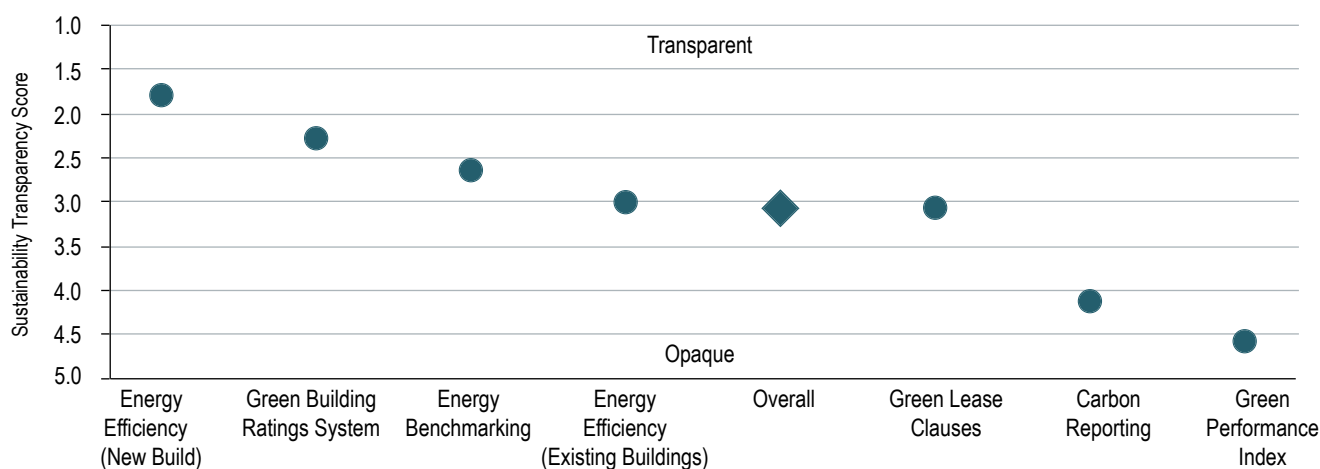
Real Estate Sustainability Transparency Index, 2012



Source: Jones Lang LaSalle

There are two trailing markets for sustainability transparency: UAE-Dubai and Brazil. Brazil in particular is penalised by the lack of transparency concerning almost all of the established sustainability tools and regulations that the rest of the countries in the Sustainability Transparency Index have introduced over the past two decades. The fact that emerging markets such as Brazil and Dubai have introduced measures more recently, shows that sustainability is becoming a more important issue and we would expect the transparency surrounding these measures to improve over the next two years.

Sustainability Transparency Index – Score by Category



Source: Jones Lang LaSalle

Energy efficiency for new buildings is the most transparent sustainability category

Of the seven categories of sustainability transparency, the best scores have been achieved on minimum energy standards, Green Building rating systems and energy benchmarking systems. More than two-thirds of the surveyed countries have mandatory energy efficiency requirements for new construction and half have established their own Green Building rating and energy benchmarking systems. Energy efficiency obligations for existing buildings are either mandatory or voluntary in over 50 percent of the markets. The least widespread tools are Green Lease clauses, carbon reporting frameworks and financial performance indices of 'green' real estate. The latter exists only in three countries: Australia, the UK and France.

Sustainability rising up the agenda

From the first voluntary BREEAM certification of Green Buildings in the UK in 1990, to the US Building Energy Performance Benchmarking system started in 1996 and the European Union

Energy Performance in Buildings Directive of 2002 creating mandatory Energy Performance Certificates for building completions and transactions, environmental sustainability for real estate has come a long way.

With the systematic tracking of the financial investment performance of 'green' real estate, the three top rated countries in our Index lead the way in not only providing transparency for properties' sustainability features but also linking them to investment performance. With corporate and public occupiers around the world growing ever conscious of their social and environmental responsibilities, they will increasingly ask for 'green' certified office space.

The assessed sustainability levels of properties will continue to play a role in leasing and investment decisions and greater transparency will have the potential to help them evolve from a marginal to a critical decision-making input, especially given that energy and environmental issues will remain on investor and corporate occupier agendas.

Regional Highlights

AMERICAS: Latin America has seen the fastest regional improvement in transparency over the past two years, with much of this progress focused on the two largest markets, Brazil and Mexico. Brazil's Tier 1 cities (i.e. Sao Paulo and Rio de Janeiro) have become Latin America's first representative in the 'Transparent' category, having recorded considerable improvements since 2010. Mexico's transparency has been boosted by the introduction of commercial property REITs. Elsewhere across the region, transparency levels remain low and there is much room for improvement, particularly in the areas of market data and performance measurement.

EUROPE: In Europe we have seen the virtual elimination of the gap in transparency between Western Europe and some of the 'core' CEE markets. Poland has transparency levels comparable to Western Europe and is now considered by some investors as a 'core' market. The strongest regional improvement was found in South East Europe - Turkey, Romania and Croatia - although from a low base. By contrast, those countries at the centre of the Eurozone crisis, such as Greece and Portugal, have struggled to maintain the pace of improvement and, in some transparency components, have moved backwards.

ASIA PACIFIC: In Asia Pacific, South East Asian (notably Indonesia, the Philippines and Vietnam) and Greater China markets have risen in the ranking. China's Tier 1 cities now sit close to the 'Transparent' category. Despite improvements in both South Korea and Japan over the past two years, transparency remains low compared to their level of economic maturity.

MIDDLE EAST AND NORTH AFRICA: The pace of transparency improvement in the MENA markets has been slower than in other regions. The notable exception is Lebanon which features among the top 10 improvers and is attracting

greater interest from institutional players. Dubai remains the most transparent market in the region. By contrast, Egypt is the only market globally to register deterioration in transparency over the past two years.

SUB-SAHARAN AFRICA: Sub-Saharan Africa has been included in the Index for the first time. As the continent's only 'Transparent' market, South Africa sits head and shoulders above the rest, with Botswana, Mauritius and Kenya showing emerging transparency. Most sub-Saharan markets, however, have low levels of transparency, a significant challenge for corporations looking to tap into the continent's growth opportunities.

Composite Index 2012, by Region

	Global	Americas	Europe	Asia Pacific	MEA
Performance Measurement	3.52	3.93	3.11	2.94	4.20
Market Fundamentals	3.69	4.20	3.07	3.04	4.66
Governance of Listed Vehicles	2.83	3.63	2.34	2.29	3.29
Regulatory and Legal	2.65	2.76	2.06	2.53	3.47
Transaction Process	2.69	2.60	2.06	2.87	3.48
Composite Index	3.10	3.40	2.55	2.76	3.87

Classic Index* - Change by Region, 2010-2012

Region	Average Score 2010	Average Score 2012	Change
Americas	3.24	3.04	0.21
Europe	2.17	2.03	0.14
Asia Pacific	2.51	2.32	0.19
Middle East and Africa	3.17	3.06	0.11
Global	2.56	2.40	0.17

* Covers only the 56 countries included in the Index since 2006
Source: Jones Lang LaSalle, LaSalle Investment Management

Americas Overview

New markets in the Americas

The 2012 Transparency Index includes 20 markets in the Americas region, a considerable increase over the 13 featured in the 2010 Index. New countries from Central America and the Caribbean, included in the survey for the first time, are the Bahamas, Cayman Islands, Guatemala, Honduras, Jamaica and the US territory of Puerto Rico. Furthermore, Brazil is now divided into two city tiers (as the other BRIC countries have already been), reflecting the country's growing economic weight, diversity and depth of opportunities across its cities, and its importance as an investment destination and business location.

Fastest improving global region

The overall level of real estate transparency in the Americas has continued to improve since 2010. Notably, the pace of improvement in the region has accelerated from the comparatively minor gains made during 2008-2010, with the Americas now registering the greatest transparency improvement of any global region over the past two years. However, it continues to lag by a sizeable margin compared to Europe and Asia Pacific; the Americas has a much higher concentration of countries in the 'Low Transparency' category than any other region. This clearly points to the need for sustained major improvements over the coming decade in the vast majority of the region.

United States tops the global rank

The United States ranks as the world's most transparent country in the 2012 Index and, with Canada, they continue to be the only countries in the Americas to fall within the 'Highly Transparent' category. Both score well across all five transparency sub-indices, however neither market

has registered any significant improvement in transparency over the last two years.

Brazil sees strong transparency gains

The chasm between North America's two mature real estate markets and the most transparent markets in Latin America is still wide, but it has narrowed. Brazil's Tier 1 cities (i.e. Sao Paulo and Rio de Janeiro) have become Latin America's first representatives in the 'Transparent' category, having recorded considerable improvements in transparency since 2010. In a global context, Brazil is currently assessed to be approximately as transparent as Hungary or Portugal. The country registered improvements across all five sub-indices of transparency, particularly in areas of data availability – both performance measurement and market fundamentals – and across regulatory and legal factors. Brazil's Tier 1 cities rank second globally in terms of overall improvement recorded since 2010.

This significant progress has coincided with robust capital inflows in the years since the Global Financial Crisis, as well as record levels of commercial real estate investment volumes. It seems certain that increasing investor attention on Brazil will drive further improvements moving forward. Brazil's Tier 2 cities (e.g. Brasilia) rank in the upper reaches of the 'Semi-Transparent' category; they score lower than the country's Tier 1 cities mainly due to significantly lower transparency of market fundamentals.

Public market boosts Mexico's transparency

Mexico is also notable for the magnitude of its gains in transparency since 2010, a score that ranks it second in the Americas region and third globally in terms of overall improvement. Placed in the upper half of the 'Semi-Transparent' category, transparency has improved in multiple areas over the last two years, but these gains have been primarily concentrated in the realm of listed real estate vehicles. Mexico saw the launch of its first

true publicly-traded commercial REITs; the new information now in the public domain as a result of Mexico's new REITs, provides investment benchmarks and other performance data that have previously not been available in the country¹.

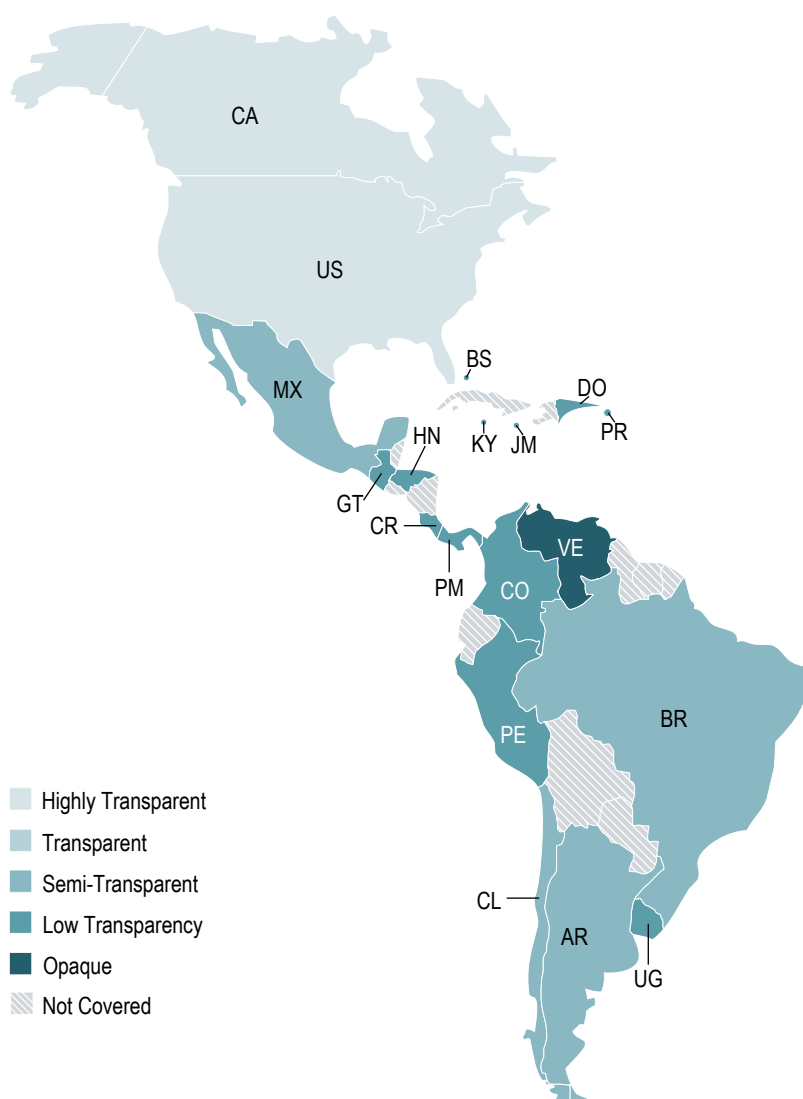
Other improvements are more modest

Other changes in real estate transparency across the Americas have been more measured by comparison with Brazil and Mexico. Nonetheless, all markets registered an improvement in transparency conditions, with Argentina, Panama and Peru all featuring among the global top 20 improvers. Argentina however has fallen in the transparency of its eminent domain practice as it pertains to foreign interests.

Most Latin American markets have low transparency

In the 2012 Index, 10 regional markets are ranked within the 'Low Transparency' category. These include two of Latin America's larger economies – and quickly-growing real estate markets – in Colombia and Peru, as well as four of the new regional Index participants in the Bahamas, Jamaica, Honduras and Guatemala. The latter two rank at the very lower reaches of the category, just above the cut-off for the 'Opaque' category. Venezuela is the least transparent country in the Americas and the only Latin American country classified as 'Opaque' in the 2012 Index. Its score in the Regulatory and Legal Sub-Index is the lowest in the region by a wide margin, as multiple issues, including how compulsory government purchase of property in the country is practised, combined to weaken the score.

Real Estate Transparency Index - 20 Markets across the Americas



Source: Jones Lang LaSalle, LaSalle Investment Management

¹ A prior commercial real estate company (which was not a REIT) went private in 2004

Room for further improvement, particularly on market fundamentals

There remains a wealth of opportunities in various areas to progress real estate transparency across Latin America. The most significant category for improvement potential continues to revolve around the very low availability of market data – both fundamentals and investment performance – as well as, in most markets, the relative lack of listed vehicles focused on long-term commercial property ownership. Indeed, despite some improvements since 2010, the Americas region overall continues to score weakest in the Market Fundamentals and Performance Measurement Sub-Indices. This contrasts with the Transaction Process and Regulatory and Legal Sub-Indices, in which the region fares markedly better.

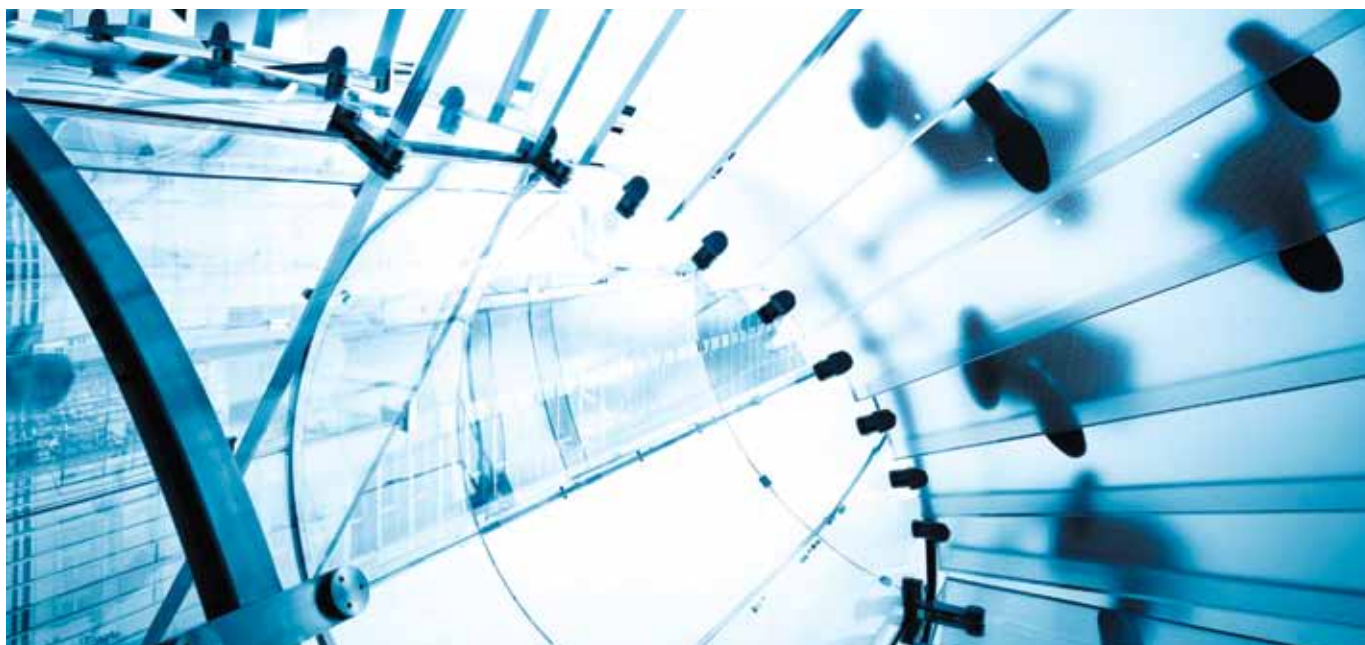
The improvement seen in real estate transparency in the Americas has been, for the most part, moderate. However, in places, particularly among the two largest economies in Latin America, and in certain components of transparency, the movement has been more substantial. Nevertheless, a solid majority of Latin American countries retain low transparency conditions and have made only gradual improvement in recent years, particularly in the various types of market data and public REITs. Even so, the outsized improvements in transparency by Brazil

and Mexico may well set the stage for additional countries – particularly the next group of largest, most liquid markets – to begin to gain more traction in improving real estate transparency conditions over the next several years.

Real Estate Transparency 2012 - Composite Index, Americas

Transparency Level	2012 Composite Rank	Market	2012 Composite Score
High	1	United States	1.26
	6	Canada	1.56
Transparent	27	Brazil - Tier 1	2.54
Semi	30	Brazil - Tier 2	2.75
	42	Puerto Rico	2.96
	43	Mexico	2.97
	45	Chile	3.01
	58	Argentina	3.42
	60	Cayman Islands	3.45
	70	Costa Rica	3.79
	71	Bahamas	3.81
Low	73	Jamaica	3.85
	75	Panama	3.87
	79	Peru	3.95
	81	Uruguay	4.04
	82	Colombia	4.05
	84	Dominican Republic	4.15
	85	Honduras	4.20
Opaque	86	Guatemala	4.20
	87	Venezuela	4.23

Source: Jones Lang LaSalle, LaSalle Investment Management



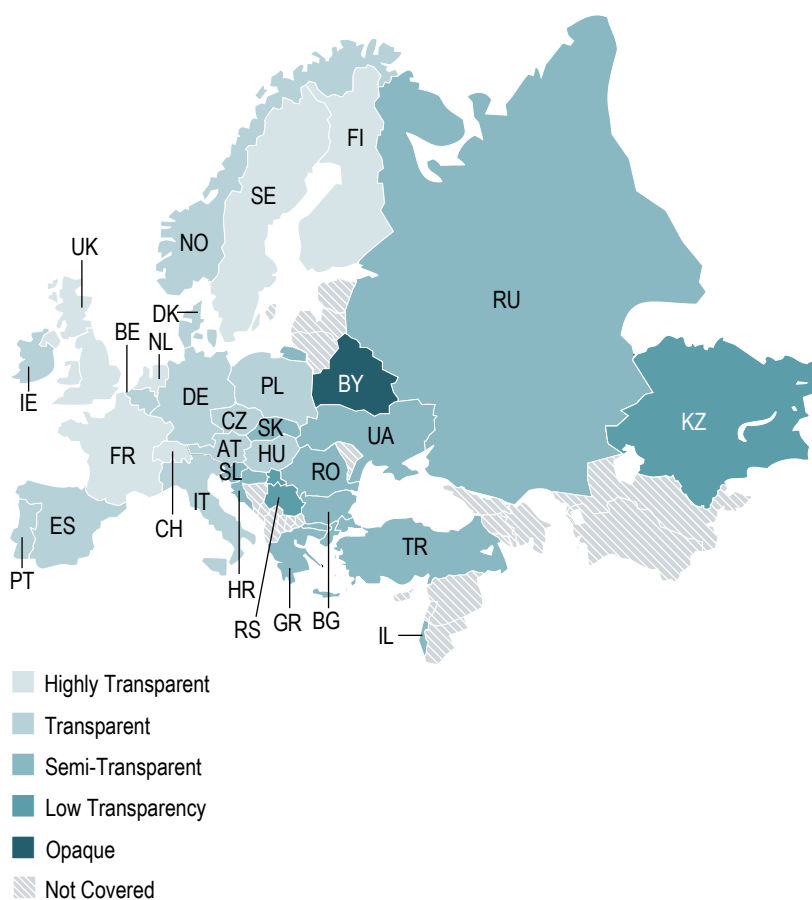
Europe Overview

World's most transparent region attracts global capital flows

Europe has maintained its position as the world's most transparent real estate market. The region dominates the upper end of the global rankings; of the 28 markets across the globe classified as 'Highly Transparent' or 'Transparent' in the 2012 Index, 18 of these are in Europe. The resulting attractiveness of the European markets to foreign investors can be seen in the nature of capital flows targeting real estate assets in the region - over half of direct investment transactions in 2011 involved an element of cross-border funding, while a third had a source of capital that originated from outside Europe.

In line with other regions, most European countries have become more transparent since the 2010 survey, but given where most European markets sit on the transparency ranking, their pace of improvement has been slower than in Asia Pacific or the Americas. Nevertheless, pressure to further improve transparency in the region is intense, with greater clarity on real estate (and financial) markets being increasingly sought following the recent credit and sovereign wealth crises. There will continue to be an expanding requirement from regulators, central banks, foreign investors and other real estate professionals for better transparency within the sector, supported by better availability and transfer of data.

Real Estate Transparency Index - 33 Markets across Europe



A transparent regulatory and legal environment

Europe's particular strength lies in the regulatory and legal environment, notably the application of business and planning codes, along with the transparency of transaction process. However, average scores were low for the availability of indices for public listed securities and unlisted real estate funds. This is, in part, due to the changing dynamic of the region's real estate investment markets in the wake of the Global Financial Crisis and ongoing issues in the Eurozone. For example, the FTSE EPRA/NAREIT Index for Portugal, Poland and Denmark is no longer active. However, INREV, the organisation tasked with improving transparency in the non-listed real estate industry, now covers 27 European countries with 258 funds detailed in its Annual Index. It has also launched a Quarterly Index and online analysis tool to further open up this database.

Wider availability of performance benchmarks for directly owned real estate

Transparency of directly held real estate across European markets has improved further since the last survey and Europe now has the greatest number of valuation indices of any region. The Investment Property Databank (IPD) launched new indices in Hungary in 2011, in the Czech Republic in 2010 and in Poland in late 2009.

Depth of data on market fundamentals

Europe scores well on the Market Fundamentals Sub-Index, with strong depth and length of market indicators across all sectors. On average, data series for offices extends to 16 years and 10 years each for the industrial and retail sectors. The average for residential and hotel series is just under seven years. The UK and Ireland, 'core' CEE markets (Poland and the Czech Republic), the Netherlands, the Nordic markets and Germany have registered the best scores on market fundamentals.

United Kingdom and the Netherlands are the region's most transparent markets

The 2012 Transparency Index covers 33 European markets, following the introduction of Serbia to this year's coverage. The United Kingdom and the Netherlands are the two highest ranking European markets, the latter thanks to improvements in financial disclosure and strong scores in the Regulatory and Legal Environment and the Transactions Process Sub-Indices. There has been little movement at the extremes of the European rankings, with the UK remaining at the top of the list, while CIS states, such as Belarus and Kazakhstan, continue to rank at the bottom of the table as the region's most opaque markets.

The traditional 'core' real estate investment markets of Western Europe have seen only marginal improvements in transparency over the past two years. Scores for Germany and Sweden have remained static from those recorded in 2010,

while the small advances made in transparency in France and Denmark have been due to changes in financial disclosure and market fundamental data respectively. Greater transparency of the listed and unlisted real estate markets in Finland have driven it to be one of the strongest improvers among these 'core' markets.

Real Estate Transparency 2012 - Composite Index, Europe

Transparency Level	2012 Composite Rank	Market	2012 Composite Score
High	2	United Kingdom	1.33
	4	Netherlands	1.38
	7	France	1.57
	8	Finland	1.57
	9	Sweden	1.66
	10	Switzerland	1.67
Transparent	12	Germany	1.80
	14	Denmark	1.86
	15	Ireland	1.96
	16	Spain	2.06
	17	Belgium	2.07
	18	Norway	2.08
	19	Poland	2.11
	20	Italy	2.16
	22	Austria	2.22
	24	Czech Republic	2.34
	26	Hungary	2.53
	28	Portugal	2.54
Semi	31	Turkey	2.76
	33	Greece	2.84
	34	Israel	2.85
	36	Slovakia	2.90
	37	Russia - Tier 1	2.90
	40	Romania	2.96
	44	Russia - Tier 2	2.98
	51	Croatia	3.16
	54	Russia - Tier 3	3.28
	57	Bulgaria	3.41
	61	Ukraine	3.46
	62	Slovenia	3.50
Low	69	Serbia	3.78
	83	Kazakhstan	4.09
Opaque	94	Belarus	4.52

Source: Jones Lang LaSalle, LaSalle Investment Management

Poland moves towards the mainstream

Some of the greatest improvements in transparency in Europe have occurred within markets in Central and Eastern Europe (CEE). Poland, for example, now has transparency levels comparable with Western Europe and is increasingly perceived as being more of a 'core' market by many investors. The CEE has witnessed a significant enhancement in market data in recent years relative to those in Western Europe; this is a result of a long-term collaborative approach between research teams of property service providers (such as Jones Lang LaSalle) since the mid-1990s, when the CEE's domestic markets were first opened up for international investment.

Turkey shows the world's greatest improvement

After a strong rise in the rankings in the 2010 Index, Turkey has maintained its progress over the past two years. The increased availability of market data and clarity in transaction processes has seen the country top the global rank of transparency improvers. There are now 24 listed real estate companies in Turkey, a significant increase from 2010, as well as active institutional players in the market, which has had a notably positive effect on the office sector.

Progress in South East Europe

Forward movements in transparency have also been recorded in Romania and Croatia, which have tended to lag other CEE markets in their efforts to improve transparency. Enhanced property registration in the former and better market fundamentals data in the latter have pushed them into the global top five improvers. The increase in transparency in Croatia over the past two years, in part, reflects the European Union (EU) accession process, with the country set to join the EU in mid-2013; this is acting as a catalyst for ongoing structural reform, as it did previously for other CEE markets during the mid-2000s.

Setbacks in peripheral Europe

Those countries at the centre of the Eurozone crisis – Greece, Portugal, Spain and, to a lesser degree, Ireland – have all struggled to maintain the pace of transparency improvement that was seen in previous surveys. For example, bank budget cuts and limited resources have resulted in deterioration of financial reporting in Greece, while transparency in Portugal has been negatively affected by the closure of the FTSE EPRA Index.



Asia Pacific Overview

A broad range of transparency conditions across Asia Pacific

Real estate transparency levels vary widely across Asia Pacific. The region has two of the world's most transparent markets - Australia and New Zealand - which rank third and fifth respectively in the 2012 Transparency Index. Hong Kong and Singapore, two mature economies in the region, also rank relatively highly, on a par with most Western European countries. However its largest investment market, Japan, has low levels of transparency compared with its economic maturity. The region still also contains some of the world's least transparent markets, such as Vietnam (ranked 68th) and the newly-included Mongolia (ranked 88th).

Australia and New Zealand top the regional league

At the top of the Asia Pacific league, Australia and New Zealand have fallen marginally in the transparency rankings, from first to third and fourth to fifth respectively. Rather than any deterioration in market transparency, this is mainly due to a more refined methodology in the 2012 survey - relating to performance indices for unlisted real estate funds and market fundamentals - that has led to greater differentiation at the top end of the ladder.

South East Asia and Greater China markets rise in the ranking

Most of the region has pushed forward in terms of transparency since 2010. The most notable regional risers in terms of global rankings are the Chinese cities, Hong Kong and emerging South East Asia (the Philippines, Indonesia and Vietnam), the latter having seen the largest jumps up the transparency ladder among Asia Pacific countries. However, only one market in the region has moved into a higher transparency category: China's Tier 3 cities, which has shifted from 'Low Transparency' to 'Semi-Transparent'. While Singapore saw improvement in its global ranking (from 16th to 13th), Hong Kong recorded a bigger improvement (from 18th to 11th) and now

sits marginally ahead of Singapore. This result is due to our more detailed analysis of market fundamentals data, for which Hong Kong is superior.

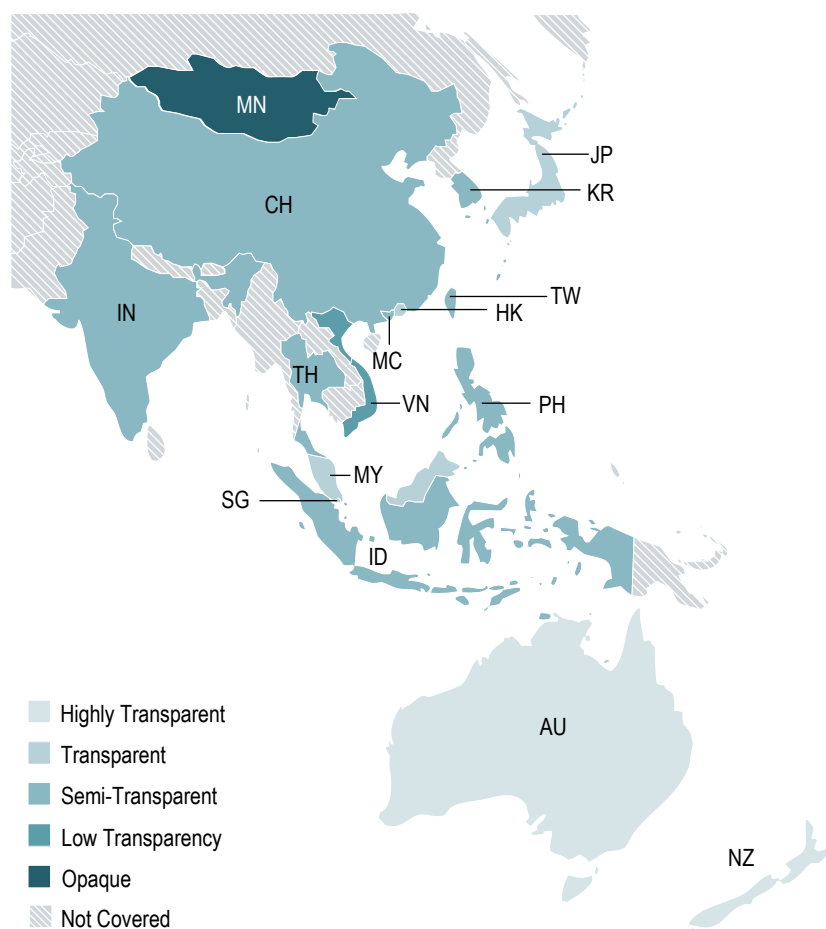
An interesting contrast is provided by China and India. The two emerging economic giants of the region were very close in terms of their global rankings in 2010. However, China has pulled away over the last two years and its Tier 1 cities now sit close to the 'Transparent' category. Even so, some deterioration has been seen in China in certain areas, such as accuracy of pre-sale information and agency standards, in part due to government measures to cool the residential market. In contrast, India's global rankings saw less change. Despite some improvements in scores, India's Tier 1 cities actually moved slightly backward in the global rankings, as government agencies and market regulators have made relatively few inroads on the regulatory and legal front.

Comparing across time, most countries have registered progress. In particular, emerging South East Asia markets (Indonesia, Philippines, Vietnam) rank among the top 10 improvers globally in overall transparency scores, due to greater availability of market data and incremental changes in the regulatory and transaction processes. Any changes in scores for the more mature economies have been relatively moderate between 2010 and 2012.

Transparency still low in Japan and South Korea

Despite their relatively high levels of economic development, Japan and South Korea still have surprisingly low levels of real estate transparency. Japan ranks 25th globally, significantly below other major advanced economies. South Korea ranks 41st and, despite moderate improvement over the past two years, still sits behind China's Tier 1 cities within the 'Semi-Transparent' category. Both countries share a relative lack of information on market fundamentals outside of the office sector and have low transparency in regard to service charges.

Real Estate Transparency Index - 20 markets across Asia Pacific



Source: Jones Lang LaSalle, LaSalle Investment Management

Region scores well on performance measurement, market fundamentals and listed vehicles

Relative to other macro-regions, Asia Pacific has the strongest scores on the Performance Measurement, Market Fundamentals and Listed Vehicles Sub-Indices. It is second to Europe on the Regulatory and Legal Sub-Index, but falls behind Europe and the Americas on the Transaction Process Sub-Index.

The region in general achieves the best results in Performance Measurement, with about three-quarters of all Asia Pacific countries in the top half of the global league. Australia and New Zealand (despite marginally lower scores than 2010 in this category), as well as Japan, rank among the

top 10 markets globally. Major advances have occurred since 2010. There is greater availability of indices relating to the investment performance of direct real estate, although market practitioners' awareness of these indices remains low. In addition to the more advanced economies, most other markets in the region now have reasonable time series relating to listed real estate securities indices. However, there is a lot of room for improvement in the availability of indices relating to unlisted real estate vehicles, though ANREV's funds database is making inroads in this regard. The area of property valuation has also seen few improvements, although valuation practices for investor-owned assets are generally credible and carried out on a regular basis in most countries.

Asia Pacific also scores well globally in terms of Market Fundamentals and the wealth of market data available across the region really stands out. Most countries are in the top half of the global rankings, and Hong Kong and Australia are in the top five. Of all the Transparency sub-indices, the region has made the biggest progress in this category; this is due, for example, to longer time series in countries such as India and emerging South East Asia. Market data in Asia Pacific is most comprehensive for the office sector – for example the average time series of office data across the region is 17 years compared to a global average of 10.5 years. Significant improvement has also been made in tracking the region's retail and industrial markets over the past two years. Data availability for the hotels sector is still relatively sparse.

Listed vehicles are some of the most important players in the region, so it is perhaps unsurprising that the region does well in terms of governance of these vehicles. About three-quarters of all Asia Pacific countries rank above the global average in regard to transparency of Listed Vehicles, although little progress has been observed since 2010.



The region's average score on Regulatory and Legal is stronger than the global average, although very few countries have seen material progress since 2010. China's Tier 1 cities are now more transparent in regard to property-related taxation. Furthermore, in cases of compulsory purchase, property owners (both domestic and foreign) in China's Tier 1 and Tier 2 cities are usually fairly compensated. Information available at the Land Registry has also improved in China and Indonesia, although availability and completeness of title records remains an issue. Relatively few improvements have been observed across the region in regard to the consistent application of building and planning codes, the enforceability of contracts, as well as transparency of real estate debt markets.

Region underperforms on transaction process

In contrast to the strong performance in a global context in the four other sub-indices, the region falls behind in Transaction Process. Although New Zealand (1st equal) and Australia (9th equal) rank at the top globally in transaction process transparency, other countries in the region are a fair way down the global ladder. Facilities and project managers generally adhere to professional standards in providing their services, but it is rare outside of Australasia that tenants have a good knowledge of their service charges. Professional standards for agents are not consistent across the region and standards have actually deteriorated in some Chinese cities due to volatile market conditions. A high percentage of sales transactions in countries such as China, Taiwan, India and most emerging South East Asian markets do not have high-quality, reliable and comprehensive pre-sale information assembled by the seller, and the bidding and negotiating process is not always considered fair and transparent outside of the mature markets.

Real Estate Transparency 2012 - Composite Index, Asia Pacific

Transparency Level	2012 Composite Rank	Market	2012 Composite Score
High	3	Australia	1.36
	5	New Zealand	1.48
Transparent	11	Hong Kong	1.76
	13	Singapore	1.85
	23	Malaysia	2.32
	25	Japan	2.39
	29	Taiwan	2.60
Semi	32	China - Tier 1	2.83
	35	Philippines	2.86
	38	Indonesia	2.92
	39	Thailand	2.94
	41	South Korea	2.96
	46	China - Tier 2	3.04
	48	India - Tier 1	3.07
	49	India - Tier 2	3.08
	50	India - Tier 3	3.15
	53	Macau	3.27
	55	China - Tier 3	3.31
Low	68	Vietnam	3.76
Opaque	88	Mongolia	4.31

Source: Jones Lang LaSalle, LaSalle Investment Management

Middle East and North Africa Overview

Limited progress from a low base

Of the 15 Middle East and North Africa (MENA) markets covered in the last two surveys, 12 have shown an improvement in transparency since 2010. However, these improvements have been relatively modest and MENA remains one of the least transparent regions in the world.

There is an increased recognition of the importance of improving market transparency but this has yet to result in much firm action. Outside of the UAE, improving transparency is not seen as a priority and few major new initiatives have been introduced since 2010.

Egypt is the only market in the region where transparency has declined over the past two years. Following the revolution of 2011, the country remains in something of a political vacuum with its current lack of a constitution. This has reduced Egypt's ability to introduce the important reforms required to improve certainty, openness and transparency.

Some of the new governments installed in the region following the Arab Spring of 2011 have sought to increase openness and inclusion. This has not yet impacted real estate transparency but it is likely to have a positive effect in the future. A growing recognition that the current lack of performance measurement and accurate market information has contributed to the low interest in MENA's real estate markets from investors based outside of the region is also likely to fuel moves to improve transparency.

Lebanon registers the greatest improvement in transparency

The Lebanese real estate market has experienced a very strong run in the last few years, resulting in massive increases in land values in Beirut. As a result, the market is gaining more structure and attracting attention from more institutional players. The level of market information and public interest

in the real estate sector is rising significantly. The Central Bank of Lebanon has also recognised the importance of the real estate sector to the overall economy and has started to impose more stringent rules on real estate lending. The newly-formed Real Estate Association of Lebanon (REAL) is implementing other improvements in transparency by better regulating the previously chaotic brokerage industry. However, while transparency may be moving forward, the challenges of political stability and ethnic tensions that have marked Lebanon for the past 30 years have not entirely vanished.

Dubai remains the most transparent real estate market in the MENA region

The UAE has reinforced its position as the most transparent real estate market in the region with progress being recorded in both Dubai and Abu Dhabi. This reflects the UAE's status as one of the most stable and secure real estate markets in a still volatile region heavily affected by the social unrest and political turmoil resulting from the Arab Spring of 2011.

Dubai is MENA's most developed real estate market and remains the regional benchmark for transparency. While there have been no major new initiatives, modest gains in the areas of transactions process and property management have resulted in Dubai registering an improvement since 2010. Dubai's Real Estate Regulatory Authority (RERA) is widely recognised as the region's leading real estate regulator and several other countries have sought to emulate RERA through similar initiatives. RERA's initiatives have resulted in Dubai achieving the strongest legal and regulatory framework in MENA.

Dubai also scores well on the Listed Vehicles Sub-Index where it is ranked 23rd globally, the highest position of any MENA market on any of the five transparency sub-indices. A number of listed property trusts or REITs have been launched or

proposed over the past two years and the region's preferred exchange is the Dubai International Financial Centre (DIFC), which provides investors with a new means of exposure to the real estate investment market.

The Dubai market continues to lag on Market Fundamentals (53rd globally) and Performance Measurement (41th globally). Outside of the residential sector there are no investment performance indices available to potential investors and the quality of market data remains poor. Improvements in these areas are required if Dubai is to be promoted from the 'Semi-Transparent' category.

Abu Dhabi records modest improvement

While Abu Dhabi is one to two years behind Dubai in its property development cycle, it has seen a similar improvement in transparency to Dubai since 2010. The quality of market data is better in Abu Dhabi than Dubai in some sectors and the planning system is more regulated (through the Urban Planning Council); advances in these areas have reinforced Abu Dhabi's position as the second most transparent market in the MENA region.

Egypt experiences a reversal in transparency

Egypt is the only market globally to experience a decline in transparency. Progress following the revolution of 2011 has been extremely slow and the vacuum created by the lack of a constitution is adding to the present sense of uncertainty and lack of transparency. The deterioration in transparency has been manifest in areas such as financial reporting, property taxation, uncertainty of planning regulations and lack of clarity of land title.

Little change in other GCC markets

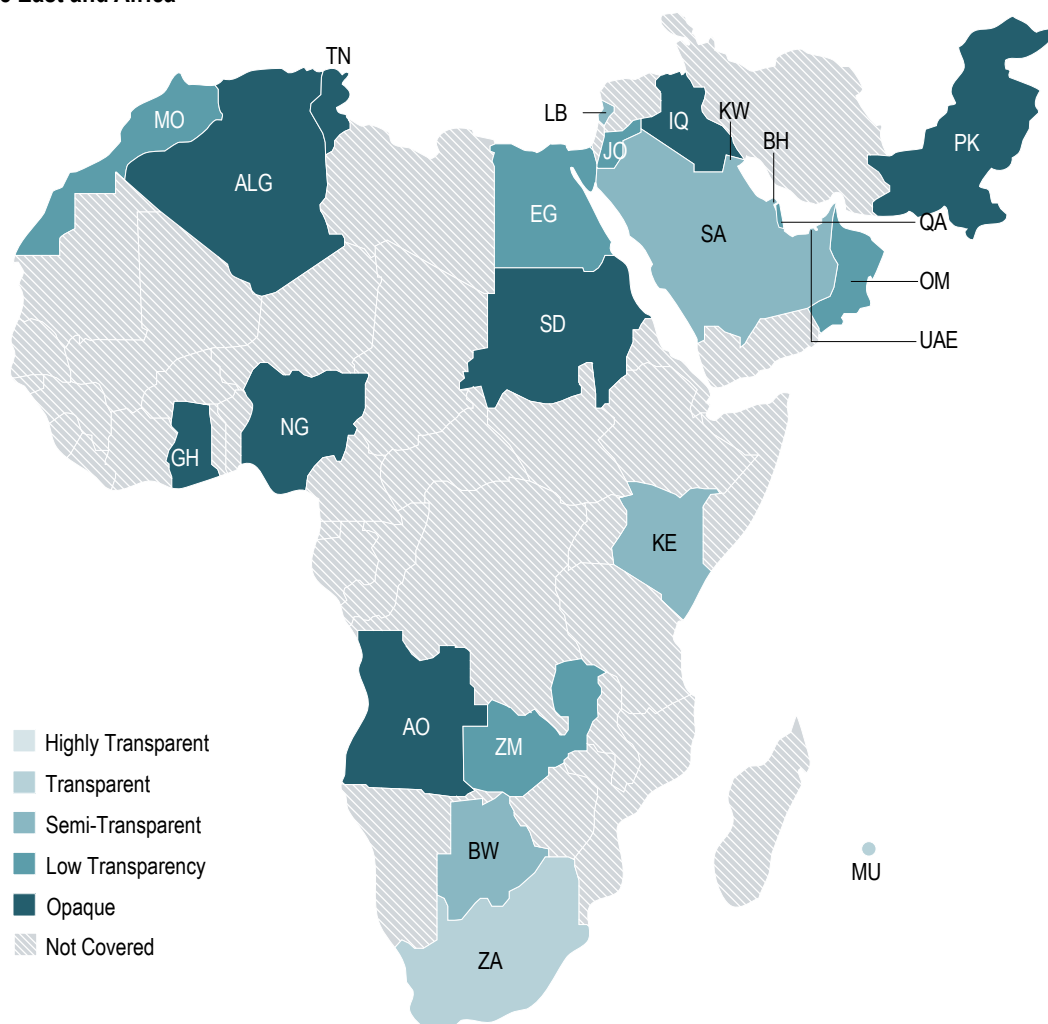
Saudi Arabia, Qatar, Kuwait, Oman and Bahrain have all registered only negligible changes in transparency levels since 2010, as the region has remained more focused on the political/social tensions that have followed the Arab Spring and in dealing with higher levels of supply. In general terms these markets score better in terms of their regulatory framework and least well in respect of market fundamentals. The GCC (Gulf Cooperation Council) markets remain positioned at the lower end of the 'Semi-Transparent' category or the upper end of the 'Low Transparency' category.

Real Estate Transparency 2012 - Composite Index, Middle East and Africa

Transparency Level	2012 Composite Rank	Market	2012 Composite Score
Transparent	21	South Africa	2.18
Semi	47	UAE - Dubai	3.05
	52	UAE - Abu Dhabi	3.23
	56	Botswana	3.36
	59	Mauritius	3.43
	63	Bahrain	3.62
	64	Saudi Arabia	3.63
	65	Kenya	3.70
	66	Lebanon	3.75
	67	Kuwait	3.76
Low	72	Qatar	3.82
	74	Oman	3.85
	76	Morocco	3.88
	77	Egypt	3.88
	78	Zambia	3.93
	80	Jordan	3.97
	89	Tunisia	4.38
	90	Ghana	4.41
Opaque	91	Iraq	4.44
	92	Pakistan	4.48
	93	Algeria	4.49
	95	Angola	4.57
	96	Nigeria	4.58
	97	Sudan	4.59

Source: Jones Lang LaSalle, LaSalle Investment Management

Real Estate Transparency Index - 24 market covered across the Middle East and Africa



Source: Jones Lang LaSalle, LaSalle Investment Management

Iraq is covered for the first time

Reflecting increased interest from international investors, Iraq has been included in the Transparency Index for the first time, where it is ranked as one of the world's most opaque markets. These challenges are, however, not deterring a growing number of regional (GCC) and local investors who have identified significant opportunities in the affordable housing, hospitality and other real estate sectors. Provided Iraq continues to experience improved political stability and economic growth, strengthening investor interest is expected to result in increasing transparency over the next five years.



A Focus on Sub-Saharan Africa

A new addition to the Index in 2012

Sub-Saharan Africa is a new addition to the Transparency Index, reflecting the region's emerging importance to international corporations and investors. The region benefits from rich natural resources and an economic growth forecast that is well above the global average. The 2012 Transparency Index assesses eight sub-Saharan real estate markets: South Africa (which has been part of the Index since 2006), Angola, Botswana, Ghana, Kenya, Mauritius, Nigeria and Zambia.

The 2012 Index reveals a region with a wide variation in real estate transparency, befitting the markedly different levels of development and infrastructure in this diverse continent. South Africa stands head and shoulders above the rest of the continent, while Botswana, Kenya and Mauritius are showing emerging transparency. However, the majority of sub-Saharan countries are characterised by low levels of transparency, a significant challenge for corporations looking to tap into the substantial growth opportunities in this region.

South Africa as regional leader

South Africa is sub-Saharan Africa's most transparent market and the only country on the continent to sit in the 'Transparent' category. Ranked 21st globally in the Transparency Index, South Africa has seen some of the greatest improvements in transparency over the past two years, placing it alongside more established markets like Italy and Austria, and maturing markets such as Malaysia and Poland. The country is ahead of all the fellow members of the BRICS (Brazil, Russia, India, China and South Africa) which it joined in 2011.

The high ranking is a result of several factors, including robust listed vehicle governance, strong auditing and reporting standards, a highly-developed legal system, the fairness and efficiency of the regulatory framework relating to real estate taxation, planning and building codes, enforceability of contracts and title, and a strong tradition of property rights. With a well-established performance benchmark – the SAPOA/IPD South Africa Property Index – the country also scores well on real estate performance measurement. The quality of real estate data is improving, with a number of real estate service providers and data companies making inroads across different real estate sectors and encouraging an improvement in the quality of market analysis. The entrance of international real estate services providers (such as Jones Lang LaSalle) is likely to influence further the level and depth of information on market fundamentals.

South Africa showcased its strong project management skills and developing infrastructure during the successful 2010 FIFA World Cup. Its deep pool of skilled labour, emerging economic strength and improving transparency are increasingly making it the location of choice for international companies and investors seeking a foothold in sub-Saharan Africa.

Botswana, Kenya and Mauritius show emerging transparency

Beyond South Africa, two other southern African countries also score relatively well on a regional basis. Botswana is classified as a 'Semi-Transparent' market and ranks second regionally and 56th globally, while Zambia ranks 77th, in the 'Low Transparency' category. Both these markets have benefited from higher levels of development and investment and more robust legal and regulatory frameworks than some of their regional

counterparts. Mauritius also scores well on a regional basis ranking 59th overall and classified as a 'Semi-Transparent' market. Its strong tourism industry and highly-developed hotel market have resulted in more mature market practices, greater availability of market data and a more stable business environment.

Turning to East Africa, Kenya ranks fourth in sub-Saharan Africa. With Nairobi as one of East Africa's most important business hubs, Kenya has historically been one of sub-Sahara's more stable countries, and is classified as 'Semi-Transparent'. With a more solid legal and contractual framework and a higher degree of real estate market maturity than many of its West African counterparts, Kenya is comparatively transparent on a regional level.

Transparency challenges accompany opportunity in Nigeria and Angola

The three remaining sub-Saharan African countries are among the least transparent markets covered by our 2012 Index. Ghana, Angola and Nigeria are all classified as 'Opaque' in our transparency categorisation. Ghana scores slightly better than Angola and Nigeria but continues to face challenges in terms of market data availability, infrastructure and the general maturity of its real estate markets.

Nigeria and Angola, in particular, with their sizeable reserves of oil and other natural resources, are experiencing increasing levels of attention from international companies and investors. Nigeria is also West Africa's largest consumer market and is drawing interest from a range of industrial sectors. However, real estate transparency in both countries, along with ongoing security issues that threaten stability, continue to be a significant barrier to entry and a challenge for those seeking to move into these markets.



Transparency in Charts

Real Estate Transparency by Sub-Index, Top 20

Performance Measurement				Market Fundamentals				Governance of Listed Vehicles			
Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score	Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score	Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score
1	United Kingdom	1.04	1.33	1	United States	1.37	1.26	1 =	United States	1.00	1.26
2	United States	1.13	1.26	2	Australia	1.64	1.36	1 =	Canada	1.00	1.56
3	Australia	1.21	1.36	3	Poland	1.65	2.11	3	Switzerland	1.00	1.67
4	Netherlands	1.33	1.38	4	Netherlands	1.73	1.38	4	Australia	1.01	1.36
5	Switzerland	1.54	1.67	5	Hong Kong	1.74	1.76	5	United Kingdom	1.02	1.33
6	New Zealand	1.54	1.48	6	Canada	1.79	1.56	6	Netherlands	1.10	1.38
7	France	1.63	1.57	7	New Zealand	1.80	1.48	7	South Africa	1.10	2.18
8	Canada	1.87	1.56	8	United Kingdom	1.86	1.33	8	Finland	1.12	1.57
9	Finland	1.97	1.57	9	Czech Republic	1.92	2.34	9	Sweden	1.13	1.66
10	Japan	2.05	2.39	10	Finland	2.08	1.57	10	Italy	1.18	2.16
11	Hong Kong	2.06	1.76	11	Ireland	2.26	1.96	11	Germany	1.20	1.80
12	Sweden	2.07	1.66	12	Germany	2.34	1.80	12	New Zealand	1.25	1.48
13	Germany	2.12	1.80	13	Singapore	2.34	1.85	13	Denmark	1.29	1.86
14	Singapore	2.13	1.85	14	Russia - Tier 1	2.47	2.90	14	France	1.41	1.57
15	Italy	2.28	2.16	15	Denmark	2.48	1.86	15	Israel	1.42	2.85
16	Norway	2.29	2.08	16	Sweden	2.51	1.66	16	Mexico	1.50	2.97
17	Austria	2.35	2.22	17	Brazil - Tier 1	2.56	2.54	17	Singapore	1.53	1.85
18	South Africa	2.35	2.18	18	Italy	2.57	2.16	18	Hong Kong	1.53	1.76
19	Belgium	2.44	2.07	19	China - Tier 1	2.60	2.83	19	Macau	1.60	3.27
20	Spain	2.45	2.06	20	France	2.63	1.57	20	Austria	1.63	2.22

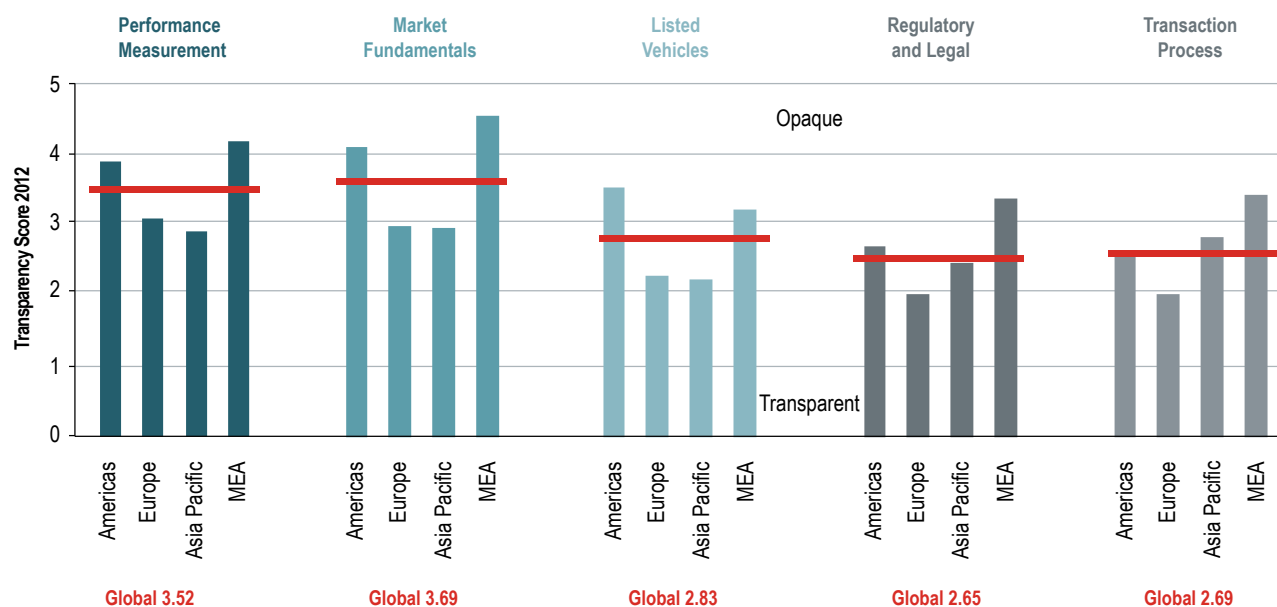
Regulatory and Legal				Transaction Process			
Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score	Sub-Index Rank	Market	2012 Sub-Index Score	2012 Composite Score
1	Denmark	1.08	1.86	1 =	France	1.00	1.57
2	Sweden	1.14	1.66	1 =	Ireland	1.00	1.96
3	France	1.16	1.57	1 =	New Zealand	1.00	1.48
4	Ireland	1.22	1.96	4	Netherlands	1.13	1.38
5 =	Finland	1.25	1.57	5	Finland	1.20	1.57
5 =	Singapore	1.25	1.85	6	Sweden	1.22	1.66
7	United States	1.29	1.26	7	United Kingdom	1.33	1.33
8	Canada	1.29	1.56	8	Denmark	1.36	1.86
9	United Kingdom	1.31	1.33	9 =	Australia	1.42	1.36
10	Australia	1.37	1.36	9 =	United States	1.42	1.26
11	Switzerland	1.39	1.67	11 =	Belgium	1.44	2.07
12	Netherlands	1.39	1.38	11 =	Switzerland	1.44	1.67
13	South Africa	1.42	2.18	13	Norway	1.56	2.08
14	Germany	1.46	1.80	14	Spain	1.58	2.06
15	Puerto Rico	1.46	2.96	15	Canada	1.64	1.56
16	Taiwan	1.48	2.60	16	Germany	1.67	1.80
17	Hong Kong	1.50	1.76	17	South Africa	1.76	2.18
18	New Zealand	1.54	1.48	18	Portugal	1.78	2.54
19	Austria	1.54	2.22	19	Hungary	1.80	2.53
20	Spain	1.56	2.06	20	Puerto Rico	1.87	2.96

Markets that appear tied have slightly different scores at higher levels of precision

Source: Jones Lang LaSalle, LaSalle Investment Management

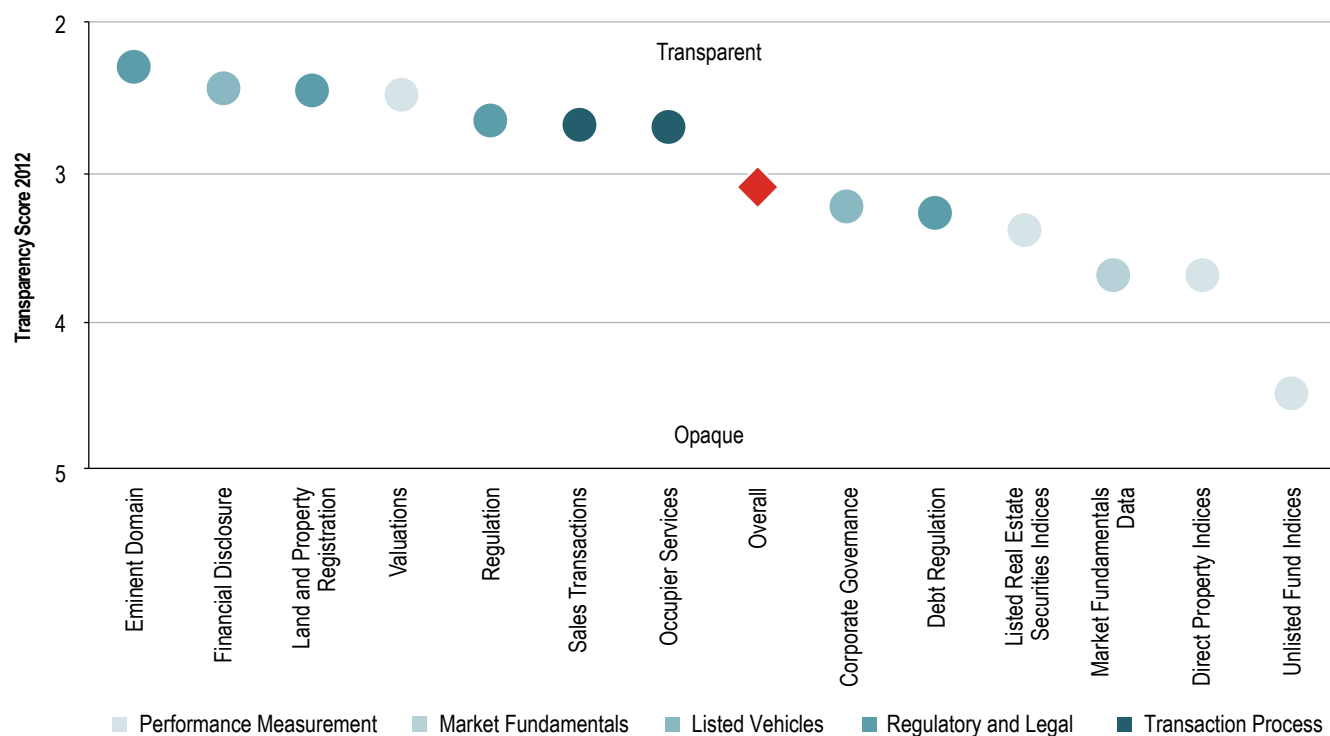
Real Estate Transparency by Sub Index and Topic Area

Real Estate Transparency by Sub-Index



Source: Jones Lang LaSalle, LaSalle Investment Management

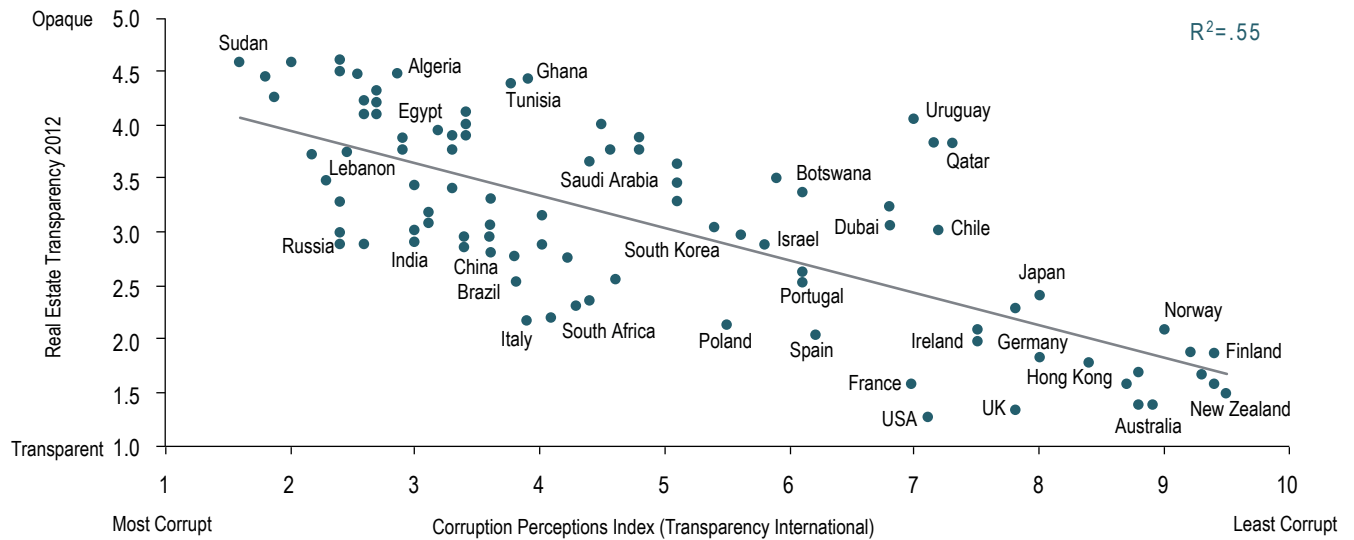
Real Estate Transparency Index 2012 – Average Score by Topic



Source: Jones Lang LaSalle, LaSalle Investment Management

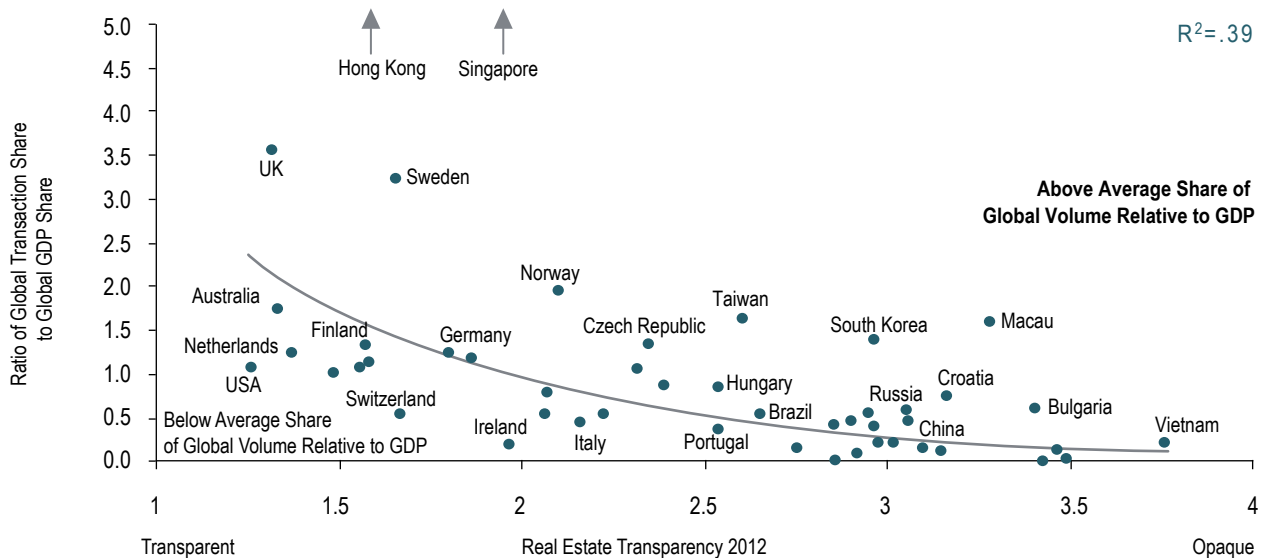
Transparency Compared

Real Estate Transparency v Corruption Perceptions



Source: Jones Lang LaSalle, LaSalle Investment Management, Transparency International

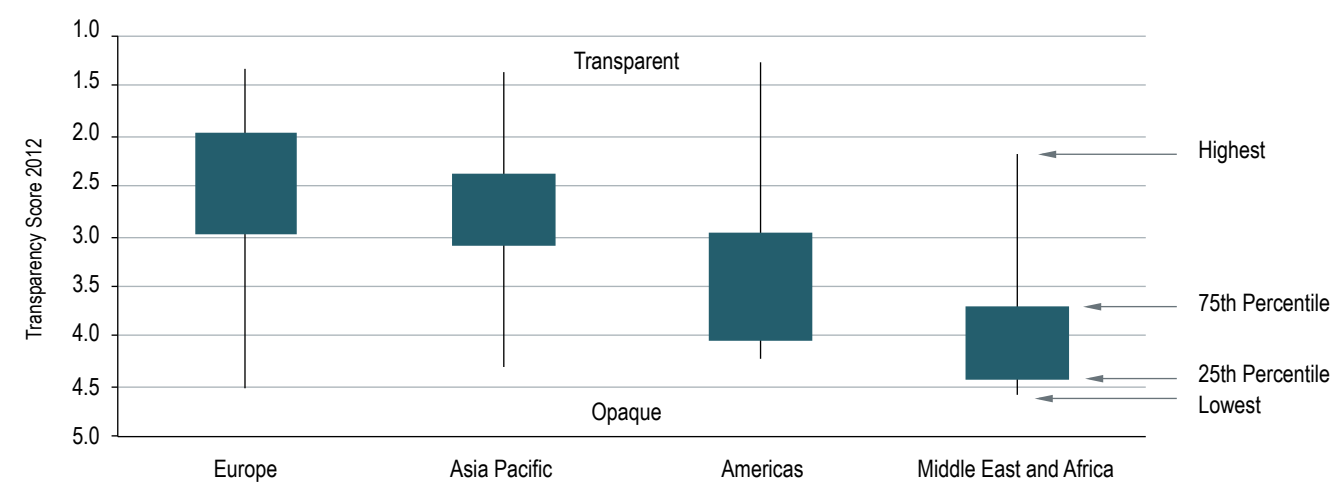
Real Estate Transparency v Real Estate Investment Volumes



Based on direct commercial real estate volumes in deals over US\$5 million
Source: Jones Lang LaSalle, LaSalle Investment Management, Global Insight

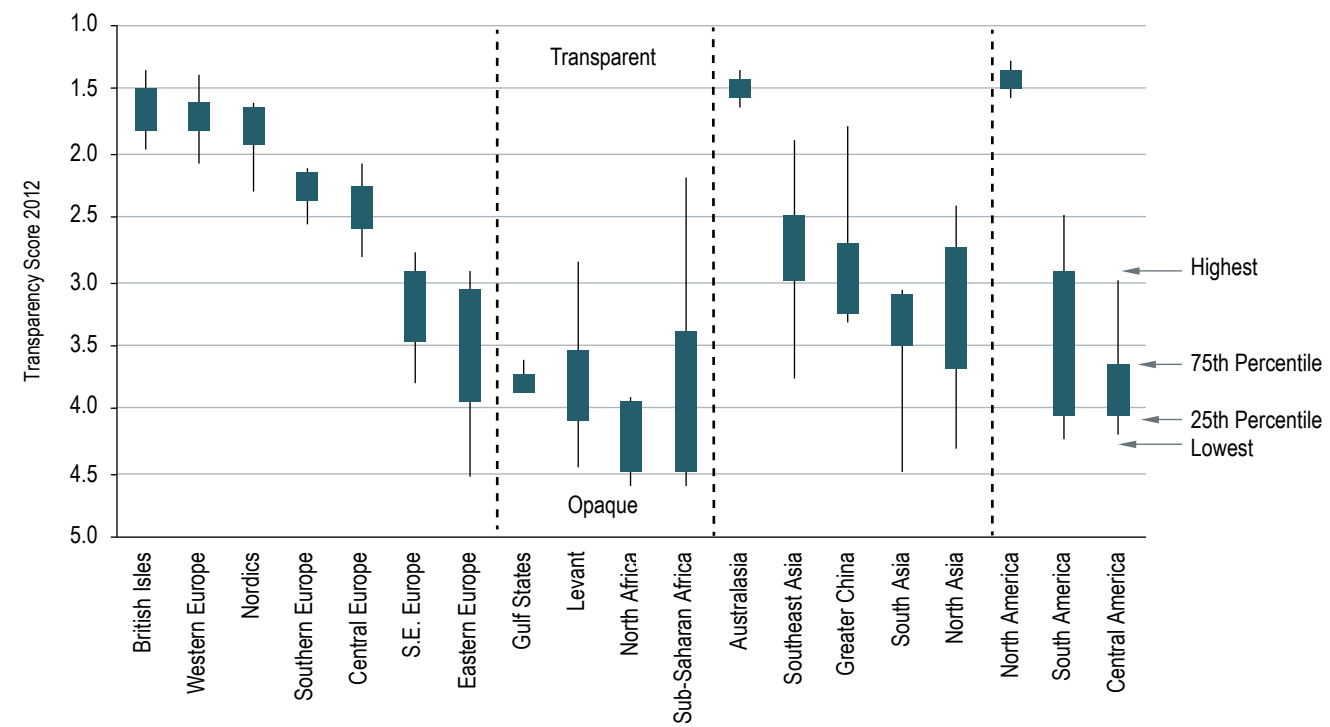
Real Estate Transparency by Region and Sub-Region

Real Estate Transparency 2012 – Composite Index by Region



Source: Jones Lang LaSalle, LaSalle Investment Management

Real Estate Transparency 2012 – Composite Index by Sub-Region



Source: Jones Lang LaSalle, LaSalle Investment Management

Global Real Estate Transparency Index – Technical Note

The Transparency Index

The Jones Lang LaSalle Global Real Estate Transparency Index is based on a combination of quantitative market data and information gathered through a survey of the global business network of Jones Lang LaSalle and LaSalle Investment Management. For each market, a total of 83 separate factors, both data points and survey questions, answered by local research teams in collaboration with our business leaders, have been used to produce the Composite Transparency Index. A table summarising each of these factors is available on Page 43.

Quantitative Factors

A series of objective quantitative measures has been added to the Transparency Index for the 2012 update. Of the 83 factors used to produce the score, 40 are quantitative data points (e.g. the number of years an office vacancy data series has been available; the market coverage of property return indices; and the free float share of public listed real estate securities markets). In nearly every case, we score these quantitative factors on a continuous scale from 1.00 to 5.00, with 1.00 indicating very high transparency. For data points on performance measurement indicators, such as the market coverage of property return indices, we have set the top score of 1.00 equal to the 90th percentile observation. For data points on market fundamentals data, like the length of a market's office vacancy series, we have set the top score of 1.00 equal to a time series of 30 years or more, which we view as the gold standard.

Researchers and business leaders across Jones Lang LaSalle and LaSalle Investment Management have provided the data on available market fundamentals time-series data, which include data series offered by all providers of real estate data, not only those produced by Jones Lang LaSalle. The market fundamentals data is based on conditions in the principal city of each country, with the exceptions of Brazil, China, India and Russia, where the Index differentiates between primary, secondary and tertiary cities.

Data on property level returns indices is from Investment Property Databank (IPD), NCREIF and other industry associations. Data on public listed real

estate comes from the European Public Real Estate Association (EPRA), Bloomberg, NAREIT and the LaSalle Investment Management Securities group. Fund level index data is primarily from INREV, NCREIF, IPD and ANREV.

Qualitative Survey Factors

In addition to the quantitative measures added in 2012, 43 qualitative factors assessing transparency levels contribute to the Composite Transparency Index. A survey with these 43 questions is distributed to Jones Lang LaSalle and LaSalle Investment Management researchers globally. For each, local research teams are provided with a detailed rubric of five answer choices, ranging from 1.00 – most transparent – to 5.00 – opaque. Based on where their market fits within that rubric of options, respondents – senior real estate professionals – assign a score. Local research teams consult Jones Lang LaSalle's local accounting, finance, and legal experts to inform their responses to questions in those topic areas.

Scores within each region are then reviewed by regional and then global coordinators to ensure objectivity and rigour. Global and regional reviewers interrogate country teams and challenge them to justify changes in question scores from prior updates. The high level of detail provided in the answer choices for each question leaves little room for subjective bias in scoring, and all contributors strive for impartiality in their responses.

Compiling the Composite Transparency Index

We group the 83 individual transparency measures into 13 topic areas, illustrated in the table at the end of this note. These topic areas are grouped and weighted into five broad Sub-Indices:

- Performance Measurement – 25%
- Market Fundamentals - 20%
- Governance of Listed Vehicles – 10%
- Regulatory and Legal - 30%
- Transaction Process – 15%

The Composite Transparency Index scores range on a scale from 1.00 to 5.00. A country or market with a perfect 1.00 score has total real estate transparency;

a country with a 5.00 score has total real estate opacity. Markets are assigned to one of five transparency categories based in their percentile rank, as follows:

- Level 1: Highly Transparent
Total Composite Score: 1.00–1.70
- Level 2: Transparent
Total Composite Score: 1.70–2.60
- Level 3: Semi-Transparent
Total Composite Score: 2.60–3.76
- Level 4: Low Transparency
Total Composite Score: 3.76–4.20
- Level 5: Opaque
Total Composite Score: 4.20–5.00

Transparency Index Time Series

2012 marks the seventh edition of the Jones Lang LaSalle Global Real Estate Transparency Index. Since its inception in 1999, the Transparency Index has evolved and been refined to reflect the changing demands of cross-border investors and corporate occupiers.

In 2008, new questions were added to embrace the perspective of corporate occupiers relating to occupier service charges and facilities management. Questions concerning debt financing and the frequency and credibility of property valuations were also added.

In 2010, the existing questions regarding debt financing were substantially revised to more appropriately reflect the key issues of debt transparency, relating to the availability of information on commercial real estate debt and the role of bank regulators in monitoring commercial real estate lending. There were also revisions to questions on the transaction process covering pre-sale information and the bidding and negotiating process.

In 2012, major additions have been made to incorporate a greater number of quantitative measures of investment performance and market fundamentals. In each of these two areas, general questions were divided into many different granular questions to better capture nuanced differences between markets. In all, 50 new factors were added by decomposing general questions into more detailed questions. For example, in 2010 the Index had one question asking respondents to score the quality of office fundamentals data in their market. In 2012, this question is broken into seven factors, with the length

of the office data series for rents, take-up/absorption, vacancy, new construction, yields, capital values and investment volumes each scored individually, and then aggregated to form the score for office market fundamentals.

Since the Composite Transparency Index has changed over time, we also calculate a Classic Index that is based on consistent weights and questions across the 2006, 2008, 2010, and 2012 Transparency Indices. We use this Classic Index, not the modified Composite Index, to make comparisons across time.

Real Estate Sustainability Transparency Index

For the first time in 2012 a separate Real Estate Sustainability Transparency Index has been developed for a sub-set of 28 countries. The Index is based on a survey completed by Jones Lang LaSalle Energy and Sustainable Services experts in each country. The survey comprises seven questions relating to different components of environmental sustainability covering:

1. Financial Performance Indices for Green Buildings
2. Green Building Ratings Systems
3. Carbon Reporting Framework
4. Energy Benchmarking Systems
5. Energy Efficiency Requirements for New Buildings
6. Energy Efficiency Requirements for Existing Buildings
7. Green Lease Clauses

For each question, our expert teams were provided with a detailed rubric of five answer choices, ranging from 1.00 – most transparent – to 5.00 – opaque. Based on where their market fits within that rubric of options, respondents assigned a score. The questions were answered with respect to commercial office real estate. An overall Real Estate Sustainability Transparency Index was calculated by equally weighting the scores for the seven questions.

Global Real Estate Transparency Index, Transparency Components

Sub-Index	13 Topics	Summary of Factors
Performance Measurement	Direct Property Indices	Length of Direct Property Level Returns Index Time Series
		Existence and Type of Index - No Index vs Valuation-Based Index vs Notional Index
		Market Coverage of Direct Property Index
		Reliability of Direct Property Level Return Index as Investor Benchmark
		Size of Institutional Invested Real Estate Market
	Listed Real Estate Securities Indices	Existence of a Deep Listed Market of Firms that are Long-term Holders of Commercial Real Estate
		Years Since the First Commercial Real Estate Company was Listed
		Existence of an Official Public Real Estate Index
		Length of Public Real Estate Index Time Series
		Value of Public Real Estate Companies as % of GDP
	Unlisted Fund Indices	Existence and Quality of Unlisted Fund Indices
		Length of Unlisted Fund Index Time Series
	Valuations	Independence and Quality of Third-Party Appraisals
		Frequency of Third-Party Real Estate Appraisals
Market Fundamentals	Market Fundamentals Data	Existence and Length of Time Series on Property Rents (Office, Retail, Industrial and Residential)
		Existence and Length of Time Series on Take-up/Absorption (Office, Retail, Industrial and Residential)
		Existence and Length of Time Series on Vacancy (Office, Retail, Industrial and Residential)
		Existence and Length of Time Series on New Construction (Offices, Retail, Industrial, Residential and Hotels)
		Existence and Length of Time Series on Yields/Cap Rates (Office, Retail, Industrial, Residential and Hotels)
		Existence and Length of Time Series on Capital Values (Office, Retail, Industrial, Residential and Hotels)
		Existence and Length of Time Series on Investment Volumes (Office, Retail, Industrial, Residential and Hotels)
		Existence and Length of Time Series on Revenue per Available Room for Hotels
		Existence of a Comprehensive Database of Individual Buildings (Office, Retail, Industrial, Residential and Hotels)
		Existence of a Comprehensive Database of Leases (Office, Retail, Industrial, Residential and Hotels)
		Existence of a Comprehensive Database of Property Transactions (Office, Retail, Industrial, Residential and Hotels)
Governance of Listed Vehicles	Financial Disclosure	Stringency of Accounting Standards and Frequency of Reporting
		Availability of Financial Reports in English
	Corporate Governance	Free Float Share of the Public Real Estate Market
Regulatory and Legal	Regulation	Manager Compensation and Role of Outside Directors
		Extent to which the Tax Code is Consistently Applied and Simple for Domestic Investors
		Extent to which the Tax Code is Consistently Applied and Simple for Foreign Investors
		Extent to which Building Codes are Consistently Applied and Simple for Domestic Investors
		Extent to which Building Codes are Consistently Applied and Simple for Foreign Investors
		Level of Contract Enforceability for Domestic Investors
		Level of Contract Enforceability for Foreign Investors
	Land and Property Registration	Completeness and Availability of Title Records to Domestic Investors
		Completeness and Availability of Title Records to Foreign Investors
		Completeness and Availability of Land Registry and Lien Records
	Eminent Domain	Fairness of Eminent Domain Property Acquisitions for Domestic Investors
		Fairness of Eminent Domain Property Acquisitions for Foreign Investors
Transaction Process	Debt Regulation	Availability of Data on Real Estate Debt
		Quality and Stringency of Bank Regulator Oversight of Real Estate Lending
		Quality and Availability of Pre-Sale Information
	Sales Transactions	Fairness and Confidentiality of the Bidding Process
		Professional and Ethical Standards of Property Agents
		Clarity and Alignment of Interests in Facilities Management Contracts
Occupier Services		Frequency of Occupier Service Charge Reconciliation and Ability for Tenants to Appeal

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