



Outside talk

Real estate shares indices of GPR

For years now, both VastNed Retail and VastNed Offices/Industrial have been part of the GPR 250 and the GPR General Index. What is it that GPR does exactly? And what does GPR offer to institutional investors and real estate companies? Jeroen Vreeker and Bart Bal of Global Property Research are happy to explain.

LIFE (Limburg Institute of Financial Economics) was set up by the University of Maastricht in 1994 where professors Piet Eichholtz and Kees Koedijk had the idea to set up a database that would include all listed property companies and their characteristics, like the value of the real estate. The database started with Dutch real estate companies, but today covers numerous international companies as well. As a result, the database now includes real estate companies all over the world. The project has not remained unnoticed. Many (international) parties were interested in this database and were willing to offer hard cash. Global Property Research was formally

established in 1996; two years later it moved from Maastricht to Amsterdam and in 2001, GPR became a subsidiary company of Kempen & Co.

GPR compiles more than 3000 real estate indices (also known as benchmarks) of which the GPR 250 Index, the GPR 250 REIT Index and the GPR General Index are the best known examples. The 250 most liquid real estate companies worldwide constitute the GPR 250 Index. Real estate companies must fulfill a set of criteria in order to be eligible for inclusion in the GPR 250 Index. For example, at least 25% of operational turnover must come from rental income and at least 75% from property-related activities. In addition, a minimum free float of 15% and a minimum (free float) market capitalization of USD 50 million are also required.

Additionally, GPR creates and maintains several different products, which are powerful tools to institutional investors for benchmarking their portfolio. Monthly performance reports, for example, compare the performance of individual

real estate companies, with the relevant benchmark and their peer group companies.

GPR has a large customer database; many institutional investors, fund managers and listed real estate companies, but also many providers of trackers. GPR creates specific index products used as underlying to these trackers. These underlyings consist of real estate companies that comply with the criteria of these providers. To clarify; suppose an investor wants to buy real estate shares with, for example, exposure to Central and Eastern European countries. The index provider then offers the investor an in-house created basket of shares and the amount invested in the basket effectively creates exposure to 20 different real estate companies. Investors can invest indirectly in 20 different companies by investing in the basket.

In short, GPR offers a wide range of indirect real estate products. GPR targets offering real-time real estate share indices by mid-2008.



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Global property research
Solutions for customized property indices