

Information Transparency Pays: Evidence from European Property Shares

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The importance of information transparency of listed property companies has been widely acknowledged by both professionals and academics over the years. Although property companies are legally required to publish an annual report, many have begun to increase their investor relations efforts beyond these requirements. For example, companies may organize analyst meetings and offer interactive websites that enable investors to communicate with firm management directly. Management believes that this will enhance their appeal as an investment and thus create shareholder value.

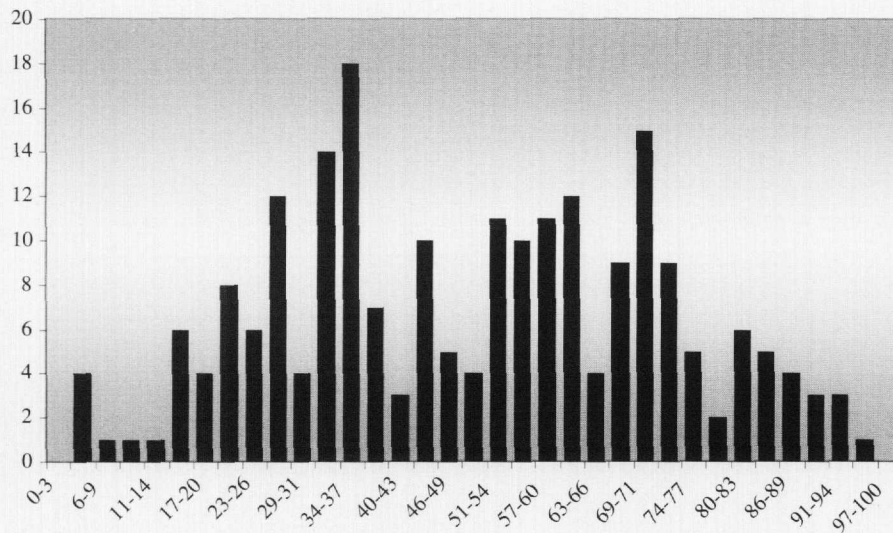
In this study we test whether investor relations efforts improve stock performance. In order to quantify the effectiveness of investor relations efforts in the European listed property market we define 27 criteria that relate to analyst coverage, annual report transparency, and corporate website clarity. By analyzing the scores on these criteria we determine the disparity in the availability of information among European listed property companies and whether or not this variation in information transparency is related to stock performance. For this analysis we use a sample consisting of 218 property companies originating from 15 different European countries. (Appendix 1 presents details on the sample composition, stating company names, country of origin, the relative information score performance, and market capitalizations.) For each company we

gather information on analyst coverage, annual report transparency, and the presence and clarity of a corporate website. We define objective criteria regarding these factors that will be discussed in fuller detail in the next section. The resulting overall scores exhibit significant variation across companies, with relatively high scores going to companies from countries in which English has been generally adopted. In the subsequent section we analyze the risk-adjusted stock outperformance of the companies using Jensen's alpha as the indicator. After comparing these individual Jensen's alphas with the corresponding information scores we document a correlation that is both positive and statistically significant, indicating that companies with the highest information scores are associated with the best risk-adjusted outperformance. The methodology and data that are used in our analysis will be discussed in section three, the empirical results in section four. We end our study with summarizing conclusions.

INFORMATION TRANSPARENCY

Listed companies are continually intensifying their investor relations efforts. When considering how to invest money, investors use all the information they can access by combining annual reports, analyst reports, and the Internet. Investor relations departments try to facilitate the flow of information by ensuring that all information is as accessible as possible. This is true for all industry sectors including the

EXHIBIT 1 Overall Score Distribution



The histogram illustrates the frequency distribution of the overall criterion scores based on a scale of 0-100. The histogram clearly shows the low frequency of high scores, indicating that very few companies achieved the highest possible overall scores.

real estate sector. Listed property companies are noted for their appeal to foreign investors, who can invest in foreign real estate assets that are locally managed by buying shares in foreign specialized property companies. But in order to consider these foreign property shares investors should have easy access to all relevant information. In reality, however, this is not always the case. While some property companies distribute a wide range of detailed information using all possible means, others restrict themselves to issuing an opaque annual report in their native language once a year. This minimum level of information availability results directly from regulatory requirements that oblige companies to disclose specified facts and figures in an annual report. In this study, however, we are more interested in the variance of information availability which exceeds this regulatory minimum level and which depends on the willingness and strategy of management. In order to truly capture the firm-specific variance in information availability, our information criteria focus on information transparency factors that surpass the legislative requirements. (Appendix 2 lists the criteria.)

We examine the number and reputation of analysts who track the companies in our sample. Over the years investor relations departments have intensified their communication with analysts by organizing special analyst meetings, conference calls, and informal sessions. The

more information that is available to analysts, the more closely their earnings forecasts should match, and so we use this as a criterion as well. Finally, we measure the consensus with respect to buy-hold recommendations, assuming that higher consensus indicates more information efficiency.

The annual report has been the traditional means by which companies communicate to investors and analysts. Here companies are free to disclose a wide range of useful statistics, and the extent to which such numbers are incorporated in the report depends largely on the willingness of management. We analyze these choices by investigating both the quantity and quality of published information. To this end we determine whether the annual report is available in English

in addition to the domestic language and whether or not the annual report offers details on the property portfolio, company management, and measurable goals for the future.

We establish the existence and explore the clarity and the information content of the various corporate websites. This we do by using criteria that test whether the website includes information on company financials, whether the site is used to disseminate reports and stock quote information, and whether the site is being updated frequently. Although the high-tech revolution has reached the real estate sector, some property companies have not adapted to this trend and hardly disclose more than their company name on their corporate websites. Others make full use of new tools and offer a wide range of information through their corporate website, thereby enhancing information efficiency.

Our criteria are associated with a consistent and objective scoring system. Each criterion produces scores ranging from 0 to 4, in order of increasing information availability. By aggregating these individual criterion scores we construct overall scores that are scaled on a range of 0-100, where the maximum represents complete information availability based on our criteria. Exhibit 1 presents the overall scores distribution. The average overall score equals 43.82, and only seven of the 218 companies are awarded an overall score that exceeds 90. The high-

est-scoring company overall is Rugby Estates Plc, a British real estate investment, development, and trading company. (Thanks to the clarity and completeness of its annual report, in 1999 Rugby Estates received the BDO Stoy Hayward Property Accounts Award.)

Exhibit 2 shows both the overall and category scores on a country level. The high average score for annual report as category indicates that the old-fashioned annual report is still the most widespread and most efficiently used source of information. The corporate website comes in second, but is likely to gain importance in the years to come as the online revolution continues. With respect to analyst coverage Exhibit 2 shows relatively poor results. This outcome is not surprising since analysts tend to focus their attention on companies with relatively high market capitalizations and most European property companies are still too small to attract the attention of analysts. A second observation that can be made from studying Exhibit 2 is the variation in scores that exists across national markets. Portuguese, Austrian, and German property companies perform significantly worse both in terms of overall score and within each category. A viable explanation for this phenomenon may be the commonness of the English language in these countries. Countries in which English is the native language, like Ireland and the United Kingdom, or that widely use English as a second language, like the Netherlands and Spain, tend to outperform the average score both by category and overall.

DATA AND METHODOLOGY

We constructed a unique data set, consisting of 218 European property companies. The sample includes the most liquid property companies, for which at least 75% of operational turnover is derived from property investment or development activities. We gathered total return series and information on each criterion for the individual companies by combining the Global Property Research Database with annual reports and material from Bloomberg Information Services.

The ultimate goal of our study is to investigate whether the variation in information availability is reflected by the stock performance of the companies in our sample. In order to make a fair comparison regarding stock performance we integrate both the risk and return characteristics in our analysis. This is done by calculating Jensen's alpha, which is a measure of the historic risk-adjusted outperformance of a stock. Jensen's alpha measures the vertical distance between the realized return R_{it}

EXHIBIT 2 Criterion Scores by Country

Country	Analyst Coverage	Annual Report	Corporate Website	Overall
Austria	0.00	50.53	24.00	29.27
Belgium	41.67	58.63	25.70	45.63
Denmark	16.67	60.53	50.00	45.12
Finland	0.00	73.68	58.00	48.29
France	30.00	53.95	13.50	37.07
Germany	4.50	51.53	35.80	33.95
Ireland	38.92	64.89	43.20	52.02
Italy	8.33	41.05	42.00	31.71
Netherlands	32.66	63.58	56.20	52.73
Norway	41.67	56.16	36.70	47.15
Portugal	19.42	45.63	0.00	26.83
Spain	59.50	77.42	35.70	62.02
Sweden	10.42	65.00	60.00	47.80
Switzerland	11.42	45.21	47.00	35.78
United Kingdom	35.50	60.58	43.10	48.98
<i>Average</i>	<i>24.50</i>	<i>57.58</i>	<i>40.90</i>	<i>43.82</i>

The scores in the analyst coverage, annual report, and corporate website categories are on a scale of 0-100. The overall scores are a weighted average of the category scores, using the number of criteria as weights.

of company i and the security market line that underlies the capital asset pricing model (see Jensen [1968]). Differences in the systematic risks of the individual companies (β_i) are taken into account by Jensen's alpha. A positive and significant Jensen's alpha indicates that the company outperformed the market on a risk-adjusted basis during the sample period. Using Jensen's alpha as outperformance measure we investigate whether the variation in historic risk-adjusted outperformance is related to the variation we document in the information score results

$$R_{it} - R_{ft} = \alpha_i + \beta_i(R_{mt} - R_{ft}) + \varepsilon_{it} \quad (1)$$

R_{it} = The realized stock return of company i for period t

R_{ft} = The risk-free rate of return for period t

$R_{mt} - R_{ft}$ = The market risk premium for period t

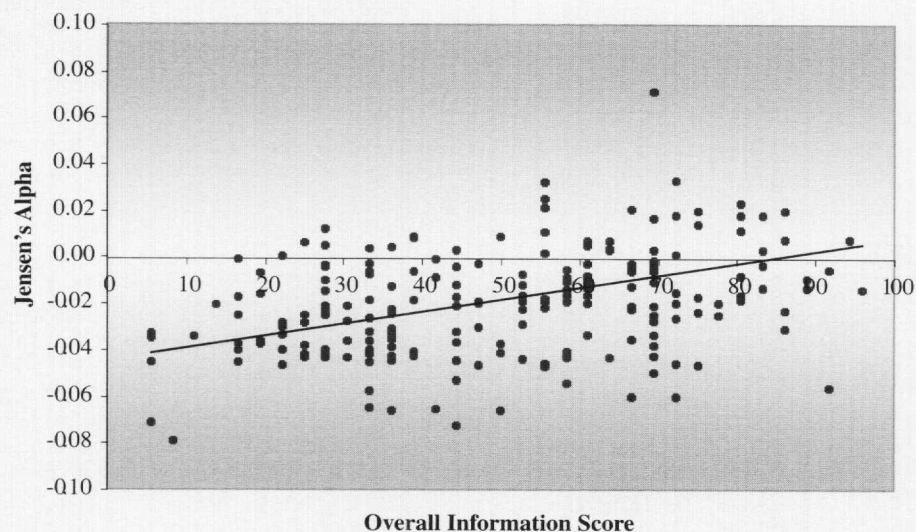
β_i = The sensitivity to market risk, measured as the covariance between the market risk premium and stock return of company i divided by variance of the market risk premium.

α_i = Jensen's alpha

We derive Jensen's alphas for each company in our sample, using five years of monthly total return data. As

EXHIBIT 3

Scatterplot of Overall Score Versus Alpha



The Scatter plot displays the overall criteria score—Jensen alpha pairs for all 218 companies in our sample. The upward sloping trend line indicates the positive relationship between the two entities.

market index we use the GPR250-Europe index,* which tracks the performance of the most liquid property companies, using tradable market capitalization as index weights. The one-month EURIBOR is used as a proxy for the risk-free rate of return.

The next step is to analyze the relationship between the individual information scores and the corresponding alphas. Investor relations efforts facilitate the flow of information and thereby reduce information asymmetry in the market and reduce the cost of collecting the information. Harris, Kriebel, and Raviv (1982) and Ippolito (1989) have shown that both information asymmetry and collection costs will lead to higher required returns. Offering investor relations services should therefore lower the required return and enhance the outperformance of listed stocks. We test this hypothesis by calculating correlation coefficients for criterion, category, and overall scores on the one hand and Jensen's alpha on the other.

EMPIRICAL RESULTS

By applying the methodology discussed above we derived Jensen's alphas for each company in our sample. By combining these individual alphas with the overall information scores we can test whether the results are related. The overall score-alpha pairs are plotted in Exhibit 3 and a trend line is added to illustrate the nature of the

relationship between the entities.

The upward-sloping trend line in Exhibit 3 indicates a positive relationship between the overall information scores and the risk-adjusted outperformance. This outcome corroborates previous studies by Capozza and Seguin [1999, 2001] that showed that reductions in information asymmetry increase liquidity and can therefore affect firm value positively.

We then compared the individual alphas with category scores. The results of that comparison, which appear in Panel A of Exhibit 4, reveal relationships that vary both in size and significance. With respect to analyst coverage criteria, we find positive correlations that are robust and significant for each individual criterion, resulting in a

positive and significant category correlation coefficient of 0.197. As for the annual report criteria, the results are mixed and almost never significant. This mixture of outcomes results in a mildly positive annual report coefficient of only 0.114, which does not statistically differ from zero. The website results, however, are more robust, revealing positive correlations for each individual criterion and a category coefficient of 0.216, which is significant at the 1% level.

The observed positive relationship between information scores and the historic risk-adjusted outperformance does not imply that investor relations efforts are the sole driver of outperformance. Omitted variables like size, debt structure, and strategic focus can all influence the risk/return profile of a listed company. Company size might also account for the cross-sectional variation in information scores that we documented in Exhibit 1. It is common practice for analysts to cover only companies that exceed a minimum market capitalization, resulting in higher analyst coverage scores among large companies. By the same token, it is reasonable to suppose that large companies have more capital at their disposal to finance expensive corporate website efforts. For annual reports, size effects should be less significant since the issuance of annual reports is regulated. To determine whether our information score outcomes are the result of a size effect, we computed correlation coefficients between the individual information scores and the size of each company, measured as market capitalization. The results, pre-

EXHIBIT 4

Correlation Coefficients

A: Information Score—Jensen's Alpha		
Category	Correlation Coefficient	t-statistic
Analyst Coverage	0.197	2.90*
Annual Report	0.114	1.68
Corporate Website	0.216	3.19*
Overall	0.242	3.57*
B: Information Score—Market Capitalization		
Category	Correlation Coefficient	t-statistic
Analyst Coverage	0.172	2.54†
Annual Report	0.202	2.98*
Corporate Website	0.185	2.73*
Overall	0.304	4.49*
Jensen's alpha - Cap	0.105	1.55
C: Regression of Jensen's Alphas on Information Scores and Market Caps		
Variable	Coefficient Estimate	t-statistic
Constant	-0.051	-5.69*
Info-Scores	0.001	2.85*
Market Capitalizations	0.001	1.43
R ²	0.067	

*Indicates significance at the 1% level.

†Indicates significance at the 5% level.

sented in Panel B of Exhibit 4, confirm this relation. For each category we document significant and positive relationships with company size, indicating that size and information transparency tend to move together. Further analysis of the relationship between company size and Jensen's alpha revealed a positive but statistically insignificant correlation coefficient of 0.105. This result implies that in the European listed property market size by itself is not a tool to obtain outperformance. However, company size does seem to stimulate information transparency and can indirectly attribute to stock performance.

In order to isolate the impact of both company size and information transparency on the variation in Jensen's alphas, we ran the bivariate regression, the results of which appear in Panel C of Exhibit 4. The coefficient estimates support the findings of our correlation analysis. The positive signs of the coefficient estimates are in line with the positive relationships between the risk-adjusted outperformance on the one hand and both the information scores and market capitalization on the other. Besides the positive nature of the relationships, the regression results also reveal the same outcomes regarding the statistical significance of both variables. In line with the correlation

results, we find that only the information score variable appears to have significant impact. The regression output regarding market capitalization as explanatory variable for the variation in outperformance is less convincing and lacks statistical significance. This lack of significance, however, confirms our previous findings from the correlation analysis, indicating that information availability is more successful in explaining the observed outperformance.

SUMMARY

In this study we analyzed information availability within the European listed property markets. We gathered a sample of 218 property companies whose shares are traded on 15 different public stock exchanges. For each company we analyzed 27 criteria relating to analyst coverage, annual report transparency, and corporate website clarity. Aggregating the individual scores for each criterion yielded an overall score ranging from 0 to 100. For the sample as a whole we documented an average overall score of 43.82. We found cross-national variation patterns with high scores for Dutch and Spanish companies and relatively low scores for Austrian and German companies, which might be due to the ease of using the English language in these countries. We also documented cross-sectional variation related to the size of the company, indicating that large companies enjoy more analyst coverage and put more effort into investor relations and information distribution.

We performed correlation analysis in order to find out whether the cross-sectional variation in information scores is related to relative stock performance. Jensen's alphas were calculated for each company using five years of total return data. The resulting alphas measure the risk-adjusted historic outperformance that companies have achieved with respect to the CAPM required return. Jensen's alphas exhibited positive correlation coefficients with the information scores that were both economically and statistically significant, indicating that companies that achieved the highest information availability scores outperformed the market on a risk-adjusted basis. The positive correlation is strongest for the criteria that relate to analyst coverage and corporate website quality, suggesting that variations in annual report transparency are less consequential.

Overall our results show that information transparency matters and that the stock market appears to respond favorably to investor relations efforts. Firm management therefore have a clear incentive to redouble their investor relations efforts and exceed the minimum requirements that are set by policymakers.

APPENDIX A

Sample Information

Company	Country	Information Score Exceeds Average	Market Capitalization
Ca-Immobilien-Anlagen AG	Austria	yes	244,650,700
DIE Erste Immobilien AG	Austria	no	240,721,900
Immofinanz Immobilien Anlage	Austria	no	373,680,900
Immotrust Anlagen AG	Austria	no	66,744,000
Kapital & Wert Vermoegensver	Austria	no	69,048,000
Befimmo S.C.A. Sicafi	Belgium	no	454,347,800
Cibix	Belgium	yes	177,094,800
Cofinimmo SA	Belgium	yes	644,349,700
Immobiliere DE Belgique	Belgium	yes	168,266,600
Intervest	Belgium	yes	141,164,700
Retail Estates	Belgium	no	64,338,930
Wereldhave Belgium NV	Belgium	yes	229,276,000
Ejendomsselskabet Norden A/S	Denmark	yes	2,985,852,000
Nordicom A/S	Denmark	no	344,064,400
Sjaelso Gruppen	Denmark	yes	82,217,830
TK Development	Denmark	yes	3,561,588,000
Castrum OYJ	Finland	yes	67,736,020
Citycon OYJ	Finland	yes	102,604,500
Interavanti OYJ	Finland	yes	16,863,000
Polar Real Estate	Finland	yes	37,803,780
Sponda OYJ	Finland	yes	319,732,400
Bail-Investissement	France	yes	496,829,300
Citadel Holdings Plc	France	no	NA
Cofitem-Cofimur	France	no	161,355,900
EMGP	France	no	176,228,400
Fonciere des Pimonts SA	France	no	99,245,200
Gecina	France	yes	1,924,940,000
Immobiliere Complexes Commerciaux SA	France	no	136,966,800
Immobiliere Hoteliere	France	no	14,221,480
Immobiliere Marseillaise	France	no	595,349,700
Klepierre	France	yes	1,294,575,000
Lucia SA	France	no	82,460,720
Silic (STE Immob LOC Indu)	France	yes	691,840,000
Simco	France	yes	1,965,705,000
Societe des Immeubles de France	France	no	774,566,800
Societe Fonciere Lyonnaise	France	yes	999,040,000
SOCIM	France	yes	23,741,200
Sofibus SA	France	no	39,539,500
Sophia	France	yes	1,077,732,000
Ste Financiere ImmoBanque	France	no	226,361,600
Union du Credit-Bail Immobilier	France	yes	2,699,514,000
Areal Immobilien und Beteiligungs AG	Germany	no	40,703,000
Bau-Verein ZU Hamburg AG	Germany	yes	88,550,000
Bfg Immoinvest	Germany	no	1,623,587,600
Concordia BAU UND Boden AG	Germany	no	374,493,600
Credit Suisse Euroreal	Germany	no	135,265,300
Despa Fonds	Germany	yes	8,055,635,265
Deutsche Real Estate	Germany	yes	258,720,000

Company	Country	Information Score Exceeds Average	Market Capitalization
Difa Fonds NR 1	Germany	no	6,033,566,400
Difa Grund	Germany	no	895,547,300
GB AG	Germany	no	9,867,900
Grundbesitz Invest	Germany	yes	NA
Grundwert Fonds	Germany	no	8,569,356,200
Hamborner AG	Germany	no	182,160,000
Hansaimmobilia	Germany	yes	602,566,300
Haus Invest	Germany	yes	4,175,985,500
HBAG Real Estate AG	Germany	no	165,600,000
III Fonds 1	Germany	no	2,873,569,100
III Fonds NR 2	Germany	no	1,999,365,200
IVG Holding AG	Germany	yes	1,496,400,000
Monachia Grundstuecks AG	Germany	no	401,500,000
Osnabruecker Anlagen- und Beteiligungs AG	Germany	no	3,400,000
Schlossgartenbau AG	Germany	no	89,250,000
Stodiek Europa Immobilien AG	Germany	yes	102,060,000
Westinvest 1	Germany	yes	1,246,956,500
Dunloe Ewart Plc	Ireland	yes	162,749,400
Green Property Plc	Ireland	yes	721,089,800
Jermyn Investment Properties Plc	Ireland	no	77,148,500
Aedes SpA	Italy	no	215,632,300
Beni Stabili	Italy	yes	845,949,000
Immobiliare Metanopoli SpA	Italy	no	793,285,900
IPI SpA	Italy	no	185,975,500
Jolly Hotel (cia Italiana)	Italy	yes	133,201,300
Nieuwe Steen Investments NV	Netherlands	yes	244,017,400
Rodamco Asia	Netherlands	yes	251,599,400
Rodamco Europe	Netherlands	yes	1,677,100,000
Rodamco Retail Nederland	Netherlands	yes	399,188,500
Sarakreek Holdings NV	Netherlands	no	5,503,660
Schroder European Property Fund	Netherlands	yes	414,702,000
Uni-Invest	Netherlands	yes	658,594,800
Vastned NV	Netherlands	yes	577,205,300
Vastned Offices/Industrial	Netherlands	yes	478,951,500
VHS Onroerend Goed Maatschap	Netherlands	no	177,500,000
VIB NV	Netherlands	yes	1,118,282,000
Wereldhave NV	Netherlands	yes	885,155,400
ZOM Florida Fund	Netherlands	no	NA
Avantor AS	Norway	yes	981,605,300
Olav Thon Eindom A/S	Norway	yes	2,058,337,000
Steen & Strom ASA	Norway	no	3,011,364,000
Espart Sgps	Portugal	no	69,000,000
Mundicenter SGPS SA	Portugal	no	155,325,000
Sonae Imobiliaria SA	Portugal	yes	465,000,000
Filo SA	Spain	yes	129,748,700
Inmobiliaria Colonial	Spain	yes	798,219,400
Inmobiliaria Urbis SA	Spain	yes	477,686,400
Metrovacesa SA	Spain	yes	915,668,600
Prima Inmobiliaria	Spain	yes	439,034,400
Sotogrande SA	Spain	yes	88,709,120
Vallehermoso SA	Spain	yes	841,490,700

Company	Country	Information Score Exceeds Average	Market Capitalization
Byggnads (JM) OCH Fastighe	Sweden	yes	6,797,442,000
Capona AB	Sweden	no	1,102,200,000
Castellum AB	Sweden	yes	4,321,668,000
Celtica	Sweden	no	150,174,000
Columna Fastigheter	Sweden	yes	302,227,800
Dios (Anders) AB	Sweden	yes	1,835,106,000
Drott AB	Sweden	yes	12,513,350,000
Fastighetspartner NF AB	Sweden	yes	402,834,100
Heba Fastighets AB	Sweden	no	729,280,000
Hufvudstaden AB	Sweden	yes	6,557,734,000
Kungsleden AB	Sweden	yes	1,633,192,000
Ljungberg Gruppen Ab-B Free	Sweden	yes	1,371,761,000
Lundbergforetagen AB	Sweden	yes	9,595,079,000
Mandamus	Sweden	yes	1,283,873,000
Norrporten Fastighetsab	Sweden	yes	NA
Pandox Hotellfastigheter AB	Sweden	no	2,353,050,000
Platzer Fastigheter AB	Sweden	yes	482,721,900
Tornet Fastighets AB	Sweden	yes	4,279,529,990
Wallenstam Byggnads AB	Sweden	yes	1,097,424,000
Wihlborgs Fastigheter AB	Sweden	yes	4,024,836,000
Allreal Holding AG	Switzerland	yes	609,419,500
Anfos 1 Schweiz Immobilien-Anlagefonds	Switzerland	no	185,652,300
Anfos 2 Schweiz Immobilien-Anlagefonds	Switzerland	no	140,362,500
Foncipars Serie Ancienne	Switzerland	no	288,153,300
Foncipars Serie II	Switzerland	no	95,265,310
Fonds Immobilier Romand	Switzerland	no	143,685,600
Immofonds	Switzerland	no	33,428,040
Immovit	Switzerland	no	183,182,500
Intershop Holdings	Switzerland	yes	887,250,000
Interswiss	Switzerland	no	598,365,100
La Fonciere	Switzerland	no	314,566,300
LO Holding Lausanne Ouchy SA	Switzerland	no	65,599,990
Maag Holdings	Switzerland	yes	229,216,000
PAX-Anlage AG	Switzerland	no	70,200,000
PSP Swiss Property	Switzerland	yes	923,002,100
Siat 63	Switzerland	no	298,365,200
SIAT Schweiz Immobilien-Anlagefonds	Switzerland	no	NA
Solvalor 61	Switzerland	no	123,652,300
Swiss Prime Site	Switzerland	yes	785,200,000
Swissfonds 1	Switzerland	no	44,362,400
Swissfonds 2	Switzerland	no	33,254,600
Swissimmobil 1961	Switzerland	no	190,568,400
Swissimmobil Neue Serie	Switzerland	no	506,350,200
Swissimmobil Series D	Switzerland	no	116,352,900
UBS Swissreal	Switzerland	yes	264,867,900
Warteck Invest AG	Switzerland	yes	143,212,500
Züblin Holding AG	Switzerland	yes	257,707,800
Asda Property Holdings Plc	United Kingdom	yes	156,662,500
Ashquay Group Plc	United Kingdom	yes	13,978,000
Ashtenne Holdings Plc	United Kingdom	yes	139,548,000
Barlows Plc	United Kingdom	no	37,506,000

Company	Country	Information Score Exceeds Average	Market Capitalization
Benchmark Group Plc	United Kingdom	yes	363,609,000
Bourne End Properties Plc	United Kingdom	no	41,107,500
Bradford Properties Trust	United Kingdom	yes	435,996,000
British Land Company Plc	United Kingdom	yes	2,436,365,000
Brixton Estate	United Kingdom	yes	582,480,000
Burford Holdings Plc	United Kingdom	yes	486,170,700
Canary Wharf Finance Plc	United Kingdom	yes	3,436,560,000
Capital & Regional Plc	United Kingdom	no	214,450,500
Capital Shopping Centre Plc	United Kingdom	yes	1,529,190,000
Cardiff Property	United Kingdom	yes	14,840,000
Chelsfield Plc	United Kingdom	yes	871,585,000
Chorion Plc	United Kingdom	no	191,401,000
CLS Holdings Plc	United Kingdom	yes	223,357,000
Compco Holdings Plc	United Kingdom	yes	116,875,000
Countryside Properties Plc	United Kingdom	yes	115,968,000
Criterion Properties Plc	United Kingdom	no	8,769,000
Daejan Holdings	United Kingdom	no	191,525,000
Delancey Estates Plc	United Kingdom	yes	222,015,000
Derwent Valley Holdings Plc	United Kingdom	yes	393,736,500
Development Securities Plc	United Kingdom	yes	91,700,000
Estates & General Plc	United Kingdom	yes	31,855,000
Freeport Leisure Plc	United Kingdom	yes	226,115,000
Frogmore Estates Plc	United Kingdom	yes	290,863,000
Grainger Trust Plc	United Kingdom	no	161,820,000
Grantchester Holdings Plc	United Kingdom	yes	206,593,200
Great Portland Estates Plc	United Kingdom	yes	619,819,500
Grosvenor Land Holdings Plc	United Kingdom	no	2,858,250
Hammerson Plc	United Kingdom	yes	1,305,637,000
Hampton Trust	United Kingdom	yes	17,118,750
Haslemere NV	United Kingdom	yes	996,533,600
Helical BAR Plc	United Kingdom	yes	233,220,000
Land Securities Plc	United Kingdom	yes	6,555,900,000
London & Associated Properties Plc	United Kingdom	no	21,146,000
London Merchant Securities	United Kingdom	yes	541,550,700
Marylebone Warwick Balfour Group Plc	United Kingdom	yes	268,092,690
Mckay Securities Plc	United Kingdom	yes	77,407,100
Merivale Moore Plc	United Kingdom	no	27,637,500
Minerva Plc	United Kingdom	no	499,687,500
Moorfield Group Plc	United Kingdom	no	56,118,000
Mountview Estates Plc	United Kingdom	no	98,622,120
Mucklow < A & J > Group Plc	United Kingdom	yes	116,465,500
Newport Holdings Plc	United Kingdom	no	16,781,770
NHP Plc	United Kingdom	yes	28,655,750
Panther Securities Plc	United Kingdom	no	24,225,000
Peel Holdings Plc	United Kingdom	yes	858,247,500
Pillar Property Plc	United Kingdom	yes	533,792,500
Primary Health Properties	United Kingdom	no	19,860,500
Probus Estates Plc	United Kingdom	no	11,231,000
Quintain Estates & Development Plc	United Kingdom	yes	252,521,000
Regalian Property Plc	United Kingdom	no	73,794,000
Rugby Estates Plc	United Kingdom	yes	32,369,990

Company	Country	Information Score Exceeds Average	Market Capitalization
Saville Gordon Estates Plc	United Kingdom	yes	201,488,700
Shaftesbury Plc	United Kingdom	yes	359,652,500
Slough Estates Plc	United Kingdom	yes	830,800,000
Smith (James) Estates	United Kingdom	no	33,503,960
ST Modwen Properties Plc	United Kingdom	yes	130,464,000
Stewart & Wight Plc	United Kingdom	no	4,381,210
Stockbourne Plc	United Kingdom	no	4,146,750
Swan Hill Plc	United Kingdom	yes	40,528,000
The Unite Group Plc	United Kingdom	yes	141,760,000
Tops Estates Plc	United Kingdom	yes	72,320,000
Town Centre Securities Plc	United Kingdom	yes	89,942,150
UK Land Plc	United Kingdom	no	15,705,000
Warner Estate Holdings Plc	United Kingdom	yes	150,075,000
Warnford Investments Plc	United Kingdom	yes	142,080,000
Wates City of London Properties Plc	United Kingdom	yes	370,580,000
Workspace Group Plc	United Kingdom	yes	168,112,000
Wynnstay Properties Plc	United Kingdom	no	5,040,000

"Yes" and "no" refer to whether or not the company's information score exceeds the sample average of 43.82. Market capitalizations are as of June 2000 and are quoted in euros.

APPENDIX B

Information Criteria

- Are many analysts following the stock?
- Do many leading investment banks follow the stock?
- Is there high consensus among the analysts?
- Do the analyst forecasts match reality?
- Is the annual report published in the domestic language or in English?
- Is rental income specified by property type?
- Is rental income specified by location?
- Is information available on the address of each property?
- Is information available on the usage of each property?
- Is information available on the occupancy rate of the property?
- Is information available on the square metrage/footage of the property?
- Is information available on the composition and background of firm management?
- Is information available on the way management is being rewarded?
- Is there a mission statement in the annual report?
- Are measurable goals set for the future?
- Does the annual report contain contact information?
- Is there a future outlook of the market and the company?
- Are international or national accounting principles used?
- Is there a clear dividend policy?
- Is there a corporate website?
- Is the corporate website available in the domestic language and/or English?
- Is a financial calendar available online?
- Is the corporate website highly detailed?
- Are there presentations and reports of analysts or analyst meetings online?
- Is stock quote information available?
- Is the website being updated?
- Is investor relations contact information easy accessible?

ENDNOTES

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*The GPR250-Europe index consists of the most liquid European property companies, and covers 85% of the European listed property market. The index is best suited for analyzing the stock performance of the companies in our sample, which is the focus of the article.

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