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Brand Finance Institute launches the Top 30 Most Valuable Property Brands

Where does the value lie in successful property companies? Traditionally this has been viewed as location, location, location with some bricks and mortar thrown in for good measure. However, while these remain the primary value drivers another asset is increasingly yielding cash flows in the property industry. Brands, which are intangible, have become valuable assets in the most tangible of sectors.

At the top of the global index is Westfield with a brand value of US\$1.0bn (A\$1.1b). Stockland, the Goodman Group, GPT Group, and Mirvac are also in the top 30, marking an excellent performance by Australian companies. Across the top 30 companies brand value contributes up to 3% of enterprise value, and averages 1.6% of enterprise value. This is low compared to heavily branded FMCG categories, but the resulting brand values are still highly material.

How has this intangible asset crept into the business model of property companies? On the demand side, the role of the brand varies depending on the segment of the property market. For example, in the Offices segment, the reputation of the landlord can be a key factor in the tenant's choice. On the other hand, Retail tenants have to consider factors that influence shoppers. Consumers largely choose shopping centres on the basis of proximity and the quality of retailers, however, shopping centre brand plays a role when there are two centres in a neighbourhood, or when the shopper is away from home.

Tim Heberden, Managing Director of Brand Finance Australia, says:

"Market perceptions of property brands are largely based on functional and quality attributes. A strong brand captures and enhances functional attributes and extends a halo across all properties within a portfolio. Strong brands also have a positive impact on investors and business partners which can increase deal flow and reduce the cost of capital."

Most executives within the property industry recognise that they are still in the early stages of brand development and there are many thorny issues that need to be addressed such as what brand architecture will prove to be most effective and how a coherent brand message can be communicated to the wide stakeholder group that includes tenants, staff, business partners, municipalities and investors.

Top 30 Property Brands

(all figures are in [USD] millions)

Rank	Company	Country	Enterprise Value	Brand Value (USDm)	Brand Rating	Brand Value / Enterprise Value
1	WESTFIELD GROUP	Australia	45,370	1,080	A	2.4%
2	METROVACESA	Spain	32,444	710	BBB	2.2%
3	MITSUBISHI ESTATE	Japan	39,100	660	BBB-	1.7%
4	MITSUI FUDOSAN	Japan	30,082	653	BBB-	2.2%
5	PROLOGIS	United States	23,561	635	A	2.7%
6	SIMON PROPERTY GROUP	United States	39,410	590	BBB	1.5%
7	VORNADA REALTY TRUST	United States	27,636	584	BB+	2.1%
8	EMAAR PROPERTIES	United Arab Emirates	21,082	582	A+	2.8%
9	GENERAL GROWTH PROPERTY	United States	33,599	582	BBB	1.7%
10	SUN HUNG KAI PROPERTIES	Hong Kong	28,503	508	BBB-	1.8%
11	RODAMCO EUROPE*	Netherlands	16,291	495	BBB+	3.0%
12	LAND SECURITIES	United Kingdom	22,145	494	BB+	2.2%
13	SUMITOMO REALTY	Japan	22,605	376	BB+	1.7%
14	EQUITY RESIDENTIAL	United States	23,493	240	BB-	1.0%
15	BROOKFIELD PROPERTIES	United States	23,720	236	B+	1.0%
16	STOCKLAND	Australia	8,735	197	BB+	2.3%
17	BOSTON PROPERTIES	United States	17,845	181	BB-	1.0%
18	BRITISH LAND COMPANY	United Kingdom	20,942	169	BB	0.8%
19	ARCHSTONE-SMITH#	United States	19,958	165	BB	0.8%
20	CAPITALAND	Singapore	16,156	163	BB	1.0%
21	GECINA SA	France	17,515	162	BB	0.9%
22	LIBERTY INTERNATIONAL^	United Kingdom	15,845	135	BB	0.9%
23	GOODMAN GROUP	Australia	8,638	134	BB	1.5%
24	CITY DEVELOPMENTS	Singapore	10,229	129	B+	1.3%
25	KLEPIERRE	France	14,294	127	BB+	0.9%
26	SINO LAND CO	Hong Kong	8,869	123	BB	1.4%
27	CHEUNG KONG	Hong Kong	33,488	122	B-	0.4%
28	UNIBAIL*	France	16,087	121	BB-	0.7%
29	GPT GROUP	Australia	12,590	109	B+	0.9%
30	MIRVAC GROUP	Australia	4,503	100	BB-	2.2%

* soon to be Unibail-Rodamco

Tishmen Speyer and Lehman Bros buy-out

^ combined value of Capital Shopping Centres and Capital & Counties

Brand Ratings Definitions

Brand Finance's Top 30 Property Brand Index provides a brand's strength analysis for each of the brands in the form of 'Brand Ratings'. These Ratings are conceptually similar to credit ratings. Brand Ratings are a leading indicator of future performance and value.

AAA	Extremely strong
AA	Very strong
A	Strong
BBB	Average
BB	Under-performing
B	Weak
CCC	Very weak
CC	Extremely weak
C	Failing

The ratings from AA to CCC can be altered by including a plus (+) or minus (-) sign to show their more detailed positioning in comparison with the general rating group

Methodology

- Brand Finance's Top 30 Property Brand Index provides a ranked index of Malaysia's 50 most financially valuable brands using the widely accepted 'Royalty from Relief' methodology.
- The "Relief from Royalty" approach is a more transparent methodology based on documented, third-party transactions and is the methodology favoured by most tax authorities and law courts. It ties back to the commercial reality of brands - specifically their ability to command a premium in an arm's length transaction. It can be applied using publicly available information and removes much of the subjectivity associated with brand valuation than some other alternative proprietary approaches.
- Royalty rate assumes that a company does not own its brand name, and then calculates how much it would have to pay to license it from a third party. The present value of the streams of the (hypothetical) royalties represents the value of the brand.
- The brand value or trademark value is the value of the asset at a certain point in time, computed by adopting this methodology. This is, in fact, the value that the brand is creating for their owners today from its current economic use. It is not an attempt to estimate the cost of replacing it, nor does it represent what has been expended to create it.
- For the purposes of this index, 'brand' is defined as trademark and associated intellectual property.

About Brand Finance

Brand Finance Institute is the research and education division of Brand Finance plc.

Brand Finance plc is a leading independent valuation advisory firm focused on the management and valuation of brands and of branded businesses. Since 1996, Brand Finance has performed numerous valuations in support of a variety of business needs including:

- Technical valuations for accounting, tax and legal purposes
- Valuations in support of commercial transactions (mergers & acquisitions, divestitures, licensing and joint ventures) involving different forms of intellectual property
- Valuations as part of a wider mandate to deliver value-based marketing and brand strategy, portfolio measurement and tracking, thereby bridging the gap between marketing and finance.

Our clients include international brand owners such as Vodafone, Shell, Groupe Danone and SABMiller, tax authorities such as the IRS and the Inland Revenue, IP lawyers and investment banks. Our work is frequently peer-reviewed by the Big 4 audit practices and our approach has also been accepted by the UK Takeover Panel.

Brand Finance is headquartered in London and has a network of international offices in Amsterdam, Bangalore, Barcelona, Colombo, Dubai, Geneva, Hong Kong, Istanbul, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

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