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Treasury plan sends REIT shares up more than 17 percent

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NEW YORK (Reuters) - Shares of real estate investment trusts saw their biggest jump since November after the U.S. Treasury Department unveiled a plan that will include older commercial real-estate-backed bonds in the government's plan to get the banking industry back on kilter.

The benchmark MSCI U.S. REIT Index .RMZ rose 17.2 percent on Monday, with those companies hard-pressed to raise debt scoring the greatest gains.

Shares of U.S. mall operator General Growth Properties Inc GGP.N, which has warned that it may have to file for protection from its creditors if it could not get some debt relief, rose 50 percent, or 22 cents, to 66 cents per share.

Developers Diversified Realty Corp DDR.N, owner and builder of shopping centers with big-box stores, rose 35 percent or 71 cents to \$2.72

Southern California office building owner Maguire Properties Inc MPG.N shares closed up 52.9 percent, or 27 cents, at 78 cents per share.

Even less-leveraged companies had a big day. AvalonBay Communities Inc (AVB.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), Boston Properties Inc BXP.N, Simon Property Group Inc SPG.N and Vornado Realty Trust VNO.N all closed up by more than 14 percent.

Meanwhile, in the debt market, commercial mortgage-backed securities (CMBS), which are bonds backed by commercial real estate, saw spreads narrow by at least 75 to 80 percentage points, according to research firm Trepp. The narrower the spread, the higher the price for the bond. A benchmark bond tranche saw spreads narrow 110 percentage points.

Derivative indexes pegged to CMBS also rose, with some of the CMBX top rated AAA bond indexes seeing spreads sharply declining to their narrowest in a month.

(Reporting by Ilaina Jonas)

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