



## FTSE EPRA/NAREIT Global Real Estate Index

### Another Strong month for Global Real Estate

The FTSE EPRA/NAREIT Global Real Estate Index posted a strong gain of 5.9% in June. Year to date, the global index now stands firmly on positive ground (+16.7%). In June, the Global Equity market added 2.7% and Global Bonds added 90 bps. All three real estate regions ended the month ahead. Asia added 5.6%, Europe climbed 2.8%, and North America pushed forward strongly 7.3%. All returns are expressed in EUR.

Using compounded annual returns, over a five-year period, Global Real Estate outperformed Global Equities and Global Bonds significantly. On average, Global Real Estate returned 12.2% annually, Global Equities declined 8% in comparison, and Global Bonds added 6.7%. As a result, over the total five-year period, Global Real Estate returned 78.1%, Global Equities lost 34%, and Global Bonds added 38.2%.

Asset Classes (EUR)	June 2005 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	+ 5.9	+ 16.7	+ 78.1	+ 12.2
Global Equities	+ 2.7	+ 10.3	- 34.0	- 8.0
Global Bonds	+ 0.9	+ 4.0	+ 38.2	+ 6.7
Europe Real Estate	+ 2.9	+ 15.2	+ 119.7	+ 17.1
N. America Real Estate	+ 7.3	+ 19.5	+ 107.9	+ 15.7
Asia Real Estate	+ 5.6	+ 12.5	+ 37.5	+ 6.6

Source: EPRA/MSCI/JP Morgan

### Asia / Pacific

In the Asia/Pacific region, all of the countries moved forward. The EPRA/NAREIT Australia (AUD) finished up 4.5%, to head up the Asia/Pacific region. Australia just piped the Japanese market to the post. EPRA/NAREIT Japan scored +4.4%. EPRA/NAREIT Hong Kong confidently moved on 3.7%, just followed by EPRA/NAREIT Singapore at +3.6%. Asia/Pacific volatility stands at just under 15%.

Country	June 2005 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	+ 5.6	+ 12.5	+ 37.5	+ 6.6
Australia (AUD)	+ 4.5	+ 3.3	+ 77.2	+ 12.1
Hong Kong (HKD)	+ 3.7	+ 0.3	+ 59.7	+ 9.8
Japan (JPY)	+ 4.4	+ 4.6	+ 29.0	+ 5.2
Singapore (SGD)	+ 3.6	+ 17.1	+ 42.0	+ 7.3

Source: EPRA

Daikyo, the Japanese residential developer, headed the Asia/Pacific stocks in June. The company added 28.8%. New index addition, Multiplex added 19.1%, followed by Hong Kong developer New World Development. Two more Japanese stocks made up the top five, residential developer Golcrest added 17.1%, ahead of retail investor Diamond City (+14.7%).

The Japanese land prices in the six largest cities – Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe gained 0.2 percent from October to March, the first increase in more than 14 years. In a survey by the land ministry, real estate investments in the form of securities transactions increased almost 90% in the previous fiscal year to \$ 70 billion. It is commonly cited that economic recovery in Japan and expansion across Asia are underpinning the real estate market. The Organisation for Economic Cooperation and Development (OECD) said that Asia's prospects 'remained bright'.

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Lo Siu-Lan, the Hong Kong public housing tenant who delayed the sale of the \$ 2.7 billion Link REIT, failed in her bid to overturn a ruling that shortened the period she was allowed to challenge the decision that legalised the asset sale. The Court of Final Appeal hearing is fixed for 5 and 6 July. The court will finally determine, whether or not, the Housing Authority has the authority to divest its retail and car-parking facilities. The IPO of the Link REIT was postponed on 20 December because the original litigation wasn't disclosed in the sale document.

Hong Kong property developer, China Overseas Land, will sell its project management arm to China State Construction International (CSCI) controlled by its parent – China's construction ministry. CSCI will fund the purchase with new stock of its own, which will be distributed to China Overseas shareholders and listed in Hong Kong. CSCI will not be eligible for the FTSE EPRA/NAREIT Global Real estate Index. China Overseas Land added 7% in June.

Temasek Holdings, owned by Singapore's Ministry of Finance, plans to sell 29.5% of CapitaCommercial Trust (CCT). DBS Group Holdings, which is advising and underwriting the sale said the shares will be priced at SG\$ 1.50. The stake is valued at approximately SG\$ 400 million. Eleana Tan, Temasek's managing director of finance, said, "This offering will improve the liquidity of CCT's units and widen the investor base, which we believe will benefit all unit holders." CCT was neutral during the month.

Centro Properties Group (CPG) announced on 20 June that it planned to launch a retail property trust. The Centro Retail Trust (CER) will comprise of 16 Australian shopping centres (48% by value) and 31 shopping centres in the United States (52% by value). The target gearing (debt to gross assets) range is 50% - 60% and the assumed yield is in the 7% to 8% range, representing a trading price between 50-57 cents per unit. CER is expected to list in August this year. CPG will retain a 50% interest in CER according to the announcement. CER will not be eligible for the FTSE EPRA/NAREIT Pure Asia and Pure Australia indices because of the high proportion of US assets. CPG shares reacted positively to the news during the month (+ 9.3%).

General Property Group changed its name to GPT on 22 June. New additions this quarter in the FTSE EPRA/NAREIT Global Real Estate Index effective 20 June, were: Shoei Co (Japan) and Mutiplex (Australia). Shoei Co had an 11 for 10 stock split, effective 27 June.

## Europe

In June, the EPRA/NAREIT Europe Index gained 2.9% to add to the good work year to date (+ 15.2%). Of the major countries in Europe, EPRA/NAREIT Sweden (SEK) led the way, for the fourth consecutive month, with an increase of 9.1% in June. EPRA/NAREIT France added 1.5% and EPRA/NAREIT Netherlands pushed on strongly 6.1%. EPRA/NAREIT UK (GBP) lagged behind its neighbours, with a more modest addition of 0.6%. The UK advance moves property stocks further into the black (+ 1.8%) year to date. Broad European volatility stands at approximately 13%, the lowest of the three regions.

Country	June 2005 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	+ 2.9	+ 15.2	+ 119.7	+ 17.1
UK (GBP)	+ 0.6	+ 1.8	+ 112.8	+ 16.3
Netherlands (EUR)	+ 6.1	+ 16.7	+ 132.6	+ 18.4
France (EUR)	+ 1.5	+ 22.1	+ 174.0	+ 22.3
Sweden (SEK)	+ 9.1	+ 46.4	+ 269.1	+ 29.9

Source: EPRA

Scandinavia dominated the best performers in Europe in June. Sjaelso Gruppen, the Danish office developer put in an amazing performance in June. The shares added 65.8%. Incredibly TK Developments was not far behind at + 57.6%. TK was added to the FTSE EPRA/NAREIT Global Real Estate Index during the month. Danish peer Nordicom added

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49.6%! At more modest levels, Fabège of Sweden gained 13.3%, closely followed by new index constituent McKay Securities of the UK (+ 12.6%).

The French stock market regulator announced on 1 June that Metrovacesa owns 68.5% of Gecina after its € 5.5 billion bid for France's second largest real estate company. Metrovacesa, Gecina's free float was changed to 20% in the FTSE EPRA/NAREIT Global Real Estate Index effective 10 June. Metrovacesa had a 7 for 19 rights issue at EUR 36.5 on 21 June. Metrovacesa advanced 9.3% during the month and Gecina slipped back 4%.

Land Securities, Europe's largest property company, agreed to buy Lxb Properties for £360 million. The acquisition comprises two retail parks in the southeast and northwest of England, and 10 supermarkets.

Babis Vovos sold 12.8% of the company to institutional investors in the period 22 June to 1 July in a sale managed by Deutsche Bank. The shares came from the stake of founding chairman Charalampos Vovos, who following the sale holds 51% of Greece's largest real estate developer. Babis Vovos ended the month 6.25% down.

New entries into the FTSE EPRA/NAREIT Global Real Estate Index effective 20 June, were Conwert Immobilien (Austria), TK Development (Denmark), Foncière des Régions (France), Invesco UK Property Income (UK) and McKay Securities (UK). PSP Swiss Property returned capital of CHF 1.98 on 22 June. Swiss Prime Site follows suit on 18 July returning CHF 2.5 to shareholders.

### North America

Over the Atlantic, US real estate stocks posted a pleasing month (+ 5.2%) in USD terms, and are ahead (+ 6.4%) year to date, after a slow start. EPRA/NAREIT Canada (CAD) also hit a positive note, with a gain of 2.9%. The EPRA/NAREIT North America Index (USD) pushed on 5.2% during the month. Volatility in North America is 16%, the highest of the three regions.

Country	June 2005 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	+ 5.2	+ 6.4	+ 152.8	+ 20.4
United States (USD)	+ 5.2	+ 6.3	+ 152.1	+ 20.3
Canada (CAD)	+ 2.9	+ 12.1	+ 133.3	+ 18.5

Source: EPRA

The top performers came from a mix of sub-sectors in June. Office owner, CRT Properties leapt 20.3% after news that DRA Advisors will buy CRT for \$937 million cash. Gables Residential added 19.3% (full story below). New FTSE EPRA/NAREIT Global Real Estate Index constituent Digital Realty (Office investor) jumped 17.5%, followed by Industrial owner Catellus Development (+ 13%) (story below) and Hotel investor Equity Inns (+ 12.2%).

Prologis and Catellus Development Organisation announced on 6 June that their boards had unanimously approved a definitive merger agreement under which Prologis will acquire all of the outstanding shares of Catellus for a total consideration of approximately \$ 4.9 billion. Under the agreement, Catellus shareholders will be able to elect to receive either \$ 33.81 per share in cash or 0.822 of a Prologis share for each share held. The combined company will offer the world's largest network of distribution facilities and services, with over 350 million square feet in over 2,250 facilities owned managed and under development in 75 markets in North America, Europe and Asia.

Brookfield Properties will buy the Reichmann family's publicly traded real estate companies in Canada for C\$ 2 billion, making it the country's second largest manager of office buildings, after CDP Capital Real Estate Group. Brookfield and a group of institutional investors will pay C\$ 13 per share for O&Y Properties. In addition, Brookfield will C\$ 15.50 per share for O&Y Real Estate Trust. The purchase also includes an undisclosed amount of debt. Brookfield's

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acquisition of the O&Y companies is expected to be completed by July, Brookfield finished June 6.5% stronger, however O&Y REIT propped up the North American list, with a loss of 6.4%.

ING Clarion Partners announced plans to acquire Gables Residential Trust for \$ 1.6 billion in June. Gables Residential Trust is a manager of luxury apartments in the US. Gables said that the transaction is the largest public to private deal involving a REIT specialising in apartments. Signs show that more people are unwilling to pay soaring prices for homes and are prepared to rent. The median price of an existing home topped \$ 200,000 for the first time in April. Gables finished 19.3% up in June.

Five new United States listed REITs entered the FTSE EPRA/NAREIT Global Real Estate Index, effective 20 June: Chartwell Senior Housing REIT, Digital Realty Trust, GMH Communities Trust, Sunstone Hotel Investors and U-Store-It Trust.

CBL & Associates effected a 2 for 1 stock split on 16 June. Forest City Enterprises will split its stock on 12 July in the ratio 2 for 1.

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The following table highlights the performance of regions and countries over a number of time periods:

Index Description	Curr	Close Value 30-Jun	Div	Total	Total	Total	36 Mths Vlty (%)
			Yld (%) 30-Jun	Rtn (%) QTD	Rtn (%) 38533	Rtn (%) YTD	
Global	EUR	1,954.01	3.89	17.33	5.93	16.66	12.71
Asia	EUR	1,311.55	3.27	11.27	5.58	12.54	14.94
Europe	EUR	2,358.41	3.10	13.67	2.88	15.22	12.24
North America	EUR	2,475.67	4.49	22.11	7.26	19.45	15.43
Global Ex-Asia	EUR	2,408.02	4.13	19.73	6.07	18.30	13.26
Global Ex-Europe	EUR	1,836.61	4.08	18.24	6.69	17.00	13.98
Global Ex-North America	EUR	1,707.40	3.20	12.28	4.44	13.65	12.06
Asia	EUR	1,311.55	3.27	11.27	5.58	12.54	14.94
Pure Asia	EUR	1,290.14	3.14	10.25	5.12	10.75	14.86
Japan	JPY	1,764.47	1.42	1.82	4.44	4.64	21.65
Australia	AUD	2,001.34	6.14	5.73	4.47	3.33	8.49
Pure Australia	AUD	1,920.37	1.42	3.01	4.13	2.11	9.11
Hong Kong	HKD	1,259.15	2.41	8.35	3.71	0.33	27.38
Singapore	SGD	997.55	2.74	11.25	3.56	17.10	23.05
New Zealand	NZD	1,023.18	6.38	0.51	3.75	2.32	-NA-
Europe	EUR	2,358.41	3.10	13.67	2.88	15.22	12.24
Europe Net Index	EUR	1,487.78	2.33	13.28	2.86	14.76	-NA-
Euro Zone	EUR	2,553.49	3.97	16.80	4.53	22.51	10.30
Euro Zone Net Index	EUR	1,555.90	2.98	16.06	4.48	21.63	-NA-
Europe Ex UK	EUR	2,684.80	3.76	17.76	4.83	24.20	10.44
Europe Ex UK Net Index	EUR	2,664.55	2.82	17.03	4.79	23.29	10.36
Europe Liquid 40	EUR	2,311.97	3.08	13.87	2.48	14.57	12.52
Europe Liquid 40 Net Index	EUR	2,284.01	2.31	13.51	2.46	14.13	-NA-
Europe Liquid 40 Ex UK	EUR	2,818.85	3.73	17.88	4.60	24.11	10.56
Europe Liquid 40 Ex UK Net Index	EUR	2,755.14	2.80	17.21	4.57	23.25	-NA-
UK	EUR	2,093.90	2.40	9.55	0.86	6.68	15.70
UK Net Index	EUR	1,385.49	1.80	9.50	0.86	6.61	-NA-
Netherlands	EUR	2,534.87	5.25	16.34	6.09	16.74	11.60
France	EUR	2,837.36	4.50	14.67	1.53	22.06	12.45
Sweden	EUR	3,713.48	3.08	25.21	5.48	39.85	18.60
Spain	EUR	4,753.21	2.19	29.46	7.31	60.73	21.23
Austria	EUR	1,490.85	-	8.30	3.14	8.15	4.29
Switzerland	EUR	1,545.85	2.31	10.45	2.09	12.42	7.54
Germany	EUR	1,018.73	3.45	18.62	6.61	29.02	28.54
Belgium	EUR	1,787.82	5.98	10.60	2.21	12.02	6.21
Italy	EUR	3,264.57	2.23	16.73	3.63	23.58	18.64
Finland	EUR	3,338.95	5.05	23.46	9.01	27.51	17.09
Denmark	EUR	400.69	2.10	80.18	51.41	109.13	67.29
Greece	EUR	883.41	2.38	6.80	8.43	7.69	-NA-
UK	GBP	2,285.41	2.40	7.58	0.56	1.77	16.14
UK Net Index	GBP	1,198.19	1.80	7.53	0.55	-NA-	-NA-
Switzerland	CHF	1,502.08	2.31	10.59	3.00	12.81	6.91
Sweden	SEK	4,122.71	3.08	29.32	9.07	46.38	18.04
Denmark	DKK	401.87	2.10	80.24	51.61	109.53	67.30
North America	USD	2,860.83	4.49	13.74	5.17	6.40	15.62
United States	USD	2,851.97	4.42	14.06	5.16	6.26	15.87
Canada	USD	3,203.35	5.68	8.73	5.37	9.69	13.69

Source: EPRA

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Notes:

The FTSE EPRA/NAREIT Global Real Estate Index consists of the largest and most heavily traded real estate stocks in Asia, Europe and North America. As at 30 June, there were a total of 286 stocks in the index.

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