



FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index posted an impressive gain of 4.1% in September. The index recovered well from a small set-back in August (-50bps). Year to date, the global index (+24%) is firmly ahead. In September, Global Bonds lost 60 bps, but the Global Equity market advanced 5%. On a real estate regional basis, results were all positive. Asia added 6.8%, Europe climbed 4.2%, and North America added 2.7%. 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 10.4% annually, Global Equities declined 4.6% in comparison, and Global Bonds added 6.3%. As a result, over the total five-year period, Global Real Estate returned 64%, Global Equities lost 21%, and Global Bonds added 38%.

Asset Classes (EUR)	Sep-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	4.1	24.3	64.0	10.4
Global Equities	5.0	21.7	-20.9	-4.6
Global Bonds	-0.6	3.5	35.9	6.3
Europe Real Estate	4.2	22.9	112.9	16.3
N. America Real Estate	2.7	24.6	83.5	12.9
Asia Real Estate	6.8	24.8	29.4	5.3

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the majority of countries were up in performance terms over the month. On the positive side, EPRA/NAREIT Japan leapt 14.4% to head up the Asia/Pacific region. EPRA/NAREIT Singapore (SGD) advanced 4.2%, EPRA/NAREIT Hong Kong (HKD) returned 1.1% and EPRA/NAREIT Australia (AUD) scratched together 10 bps. On the reverse side, EPRA/NAREIT New Zealand (NZD) finished down 90bps. Asia/Pacific volatility continues to decrease and currently stands at 14%.

Country	Sep-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	6.8	24.8	29.4	5.3
Australia (AUD)	0.1	8.0	81.3	12.6
Hong Kong (HKD)	1.1	8.6	45.9	7.9
Japan (JPY)	14.4	28.0	55.8	9.3
Singapore (SGD)	4.2	35.4	47.9	8.1
New Zealand (NZD)	-0.9	7.0	-NA-	-NA-

Source: EPRA/FTSE/JP Morgan

The Japanese companies headed up the top Asia-Pacific and Global performers list in September. It is the second month running that Japanese real estate stocks have advanced strongly. Five Japanese companies were placed in the top ten global performers at the end of the month. In fact, of the top 20 global performers, half were Japanese companies/REITs. Of the top ten Japanese companies/REITs, seven were developers. Goldcrest topped the Asia-Pacific list at +23%, closely followed by Mitsui Fudosan (+21%), Aeon Mall (+20%), Diamond City and Sumitomo Realty & Development (both +19%).

Mitsui Fudosan said it is preparing to sell shares of a residential real estate fund on the Tokyo Stock Exchange after receiving approval from the Financial Services Agency. The fund will be named Mitsui Fudosan Residential Management. Tokyu Land, announced that it plans to sell US\$370 million of shares to raise additional capital to invest in properties. The price of the shares will be set between 11-13 October. Tokyu Land added 18% during the month.

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The Japanese election result was met positively by real estate stocks. Prime Minister Junichiro Koizumi is expected to push through policies aimed at lifting property prices. As the nation's economy expands, office vacancies are falling. The office vacancies in Tokyo fell to their lowest point (4.6%) in three and a half years as companies expand and seek additional space. In addition, the Japanese Land Ministry stated in a report issued in September that land prices rose in the central Tokyo area for the first time since 1990 and had spread to outlying districts of the city in the 12 months ended 1 July. Lehman Brothers estimates that as much as 90 percent of all office building purchases in 2004 in the five wards of Tokyo may have been made by J-REITs. On a broader note, Richard Jerram, chief economist for Japan at Macquarie Securities said, "The turnaround in real estate prices is broadening out from a few places in a few major cities to a more general stabilisation – the positive macroeconomic effect is becoming more significant." The Japanese Cabinet Office reported in September that Japan's economy grew at 3.3 percent in Q2, triple the initial estimate.

In Singapore Wing Tai Holdings pushed on 22.8% in September. Analysts put this down to the strong interest in high end residential properties. Ascendas REIT (AREIT) plans to raise US\$144 million from a share sale on 5 October to partly finance the acquisition of 12 properties. The purchase will enhance AREIT's distribution to its unitholders through additional rental income. AREIT lost 89bps over the month. CapitaMall Trust, Singapore's largest REIT announced its plans to raise US\$242 million through a share sale. The funds will help finance the purchase of Parco Bugis Junction and three other Singapore malls. Following the acquisitions, CapitaMall will hold nine shopping malls, with an asset base of SG\$3.3 billion. The trust's CEO, Pua Seck Guan said he plans to expand the portfolio over the next three years to closer to SG\$5 billion. CapitaMall lost 2.5% in September.

In Hong Kong, HKR suffered heavily for the second consecutive month (-15%). HKR International announced in August that the company may have to pay more than the HK\$1.3 billion (USD 167 million) previously budgeted for land in Shanghai. Clearing of the site in the city's Jingnan district of current residents, done by the local government, will cost more than originally estimated. China's property prices rose on average 10.1% in H1 2005. China has introduced measures to slow real estate investment and stem home price rises, and these measures delayed clearance of the Jingnan site, HKR said in its latest annual report.

Staying in Hong Kong, the housing authority said it would offer shares in its real estate investment trust – the Link REIT, by the end of 2005. The housing authority filed an IPO application with the Securities and Futures Commission on 6 September. Hong Kong's Court of Final Appeal dismissed a public housing tenant's case on 20 July. The original sale was scheduled for December 2004 and was valued at \$2.7 billion. The Link REIT, which offered a 6.65 percent dividend yield to investors at the IPO last year, will have to offer a higher yield now, according to investors. Peter Churchouse at Lim Advisors added, "Interest rates have risen and there have been a lot of REITs in the region since then, meaning institutions will have allocated funds elsewhere."

Australian developer FKP Property (+18.3%) also returned very strongly for the second month running, after a jump of 26% in August.

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Europe

In August, the EPRA/NAREIT Europe Index strode forward confidently 4.2% to continue the good work year to date (+23%). Of the major countries in Europe, EPRA/NAREIT Sweden (SEK) led the way with an increase of 5.3% in September after a very poor month in August. The UK (+3.4% in September) continues to steady itself on positive ground year to date (+8.2%). EPRA/NAREIT France added 3.6%. EPRA/NAREIT Netherlands ended the month just behind its Eurozone neighbour at +3.5%. Broad European volatility stands at approximately 12%, the lowest of the three regions.

	Jul-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
Europe (EUR)	4.2	22.9	112.9	16.3
UK (GBP)	3.4	8.2	107.6	15.7
Netherlands (EUR)	3.5	22.0	151.4	20.2
France (EUR)	3.6	35.8	192.0	23.9
Sweden (SEK)	5.3	32.6	182.6	23.1

Source: EPRA/FTSE/JP Morgan

TK Development (Denmark) topped the best performers in Europe and on a global basis. TK added 31% during the month. Over the past five years, the company has given investors a rollercoaster ride. Volatility in the stock is approximately 95%. Greek developer Babis Vovos (+20%) reacted strongly in September, closely followed by Risanamento (Italy) (+19%). Deutsche Bank has recently initiated coverage in Babis Vovos. Another Danish stock appeared in the European top five – Sjaelso Gruppen added 18%. Town Centre Securities, the company who won the EPRA Best performer award 2004 at the EPRA Annual conference in Paris in September jumped 17% on the back of positive results.

On a corporate activity level, things are fairly quiet in Europe. The biggest news in September is BAM Groep's (Netherlands) approach of AM with a possible takeover deal. The offer is said to be worth as much as €939 million according to BAM Groep. BAM said they may acquire AM with an unidentified financial partner. BAM seek to add a business with earnings growth faster than its own. AM was up 3.1% in September.

Sal Oppenheim and HSH Nordbank each plan to sell 5.8 million shares in IVG Immobilien, Germany's largest listed real estate company. The sale will reduce Sal. Oppenheim's stake to approximately 20% and HSH Nordbank's holding to approximately 6%. The shares represent around 10% of the outstanding share capital of IVG. The free float of IVG will remain at 75% in the FTSE EPRA/NAREIT Global Real Estate. IVG Immobilien lost 64 bps during the month.

Zueblin Immobilien of Switzerland paid a special dividend of CHF 0.45 on 12 September. In Sweden, Kungsleden exercised a 1 for 5 rights issue at SEK 132, ex-date 21 September.

North America

Over the Atlantic, US real estate stocks posted a rather small, but positive month (+ 40 bps) in USD terms, and remain well ahead (+ 9.8%) year to date. EPRA/NAREIT Canada (CAD) also hit a positive note, firming 2.2%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was pushed up 70bps during the month. Volatility in North America is 15%, the highest of the three regions.

	Jul-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
North America (USD)	0.7	10.5	140.5	19.2
United States (USD)	0.4	9.8	137.8	18.9
Canada (CAD)	2.2	19.5	136.7	18.8

Source: EPRA/FTSE/JP Morgan

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Two Canadian REITs made it into the top five North American performers in September. Topping the list was Calloway REIT (+11.5%), with Canadian peer Boardwalk REIT achieving third spot (+9%). US Office investor Arden added 9.2%, followed by BRE Properties (+8.7%) and Capital Automotive REIT (8%).

To recap on the O&Y Properties, O&Y REIT and Brookfield Properties deal. Brookfield will make a cash offer at US\$ 12.72 per share to acquire O&Y Properties. Brookfield has also entered into an agreement to buy O&Y REIT units at US\$ 16.25. O&Y REIT added 88bps in September.

Prologis and Catellus Development Corporation completed their merger on 16 September. The combined company (named Prologis) offers 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. The market capitalisation of the merged company is US\$ 10.7 billion.

At the bottom end, hotel stocks fared poorly during September. Highland Hospitality lost 12%, Winston Hotels fell 6.5%, Boykin Lodging dropped 6% and Ashford Hospitality declined 5%. However, propping up the North American list is Affordable Residential, down 14.5% during the month. The company announced during September that they would not pay a dividend in Q3 2005. The board stated that they will review dividend distributions on a quarterly basis.

CRT Properties was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 28 September following the completed acquisition by Colonial Properties and DRA Advisors. Boston Properties paid a special dividend to shareholders on 28 September. Shareholders received US\$ 2.50 per share. Gables Residential will be deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 3 October following acquisition by ING Groep.

The EPRA Monthly Statistical Bulletin is available for EPRA members from www.epra.com.

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 September, there were a total of 296 stocks in the index.

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

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Index Description	Curr	Close Value 30-Sep	Div Yld (%) 30-Sep	Total Rtn (%) QTD	Total Rtn (%) Sep-05	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	2,081.28	3.77	6.51	4.14	24.26	12.00
Asia	EUR	1,453.82	3.20	10.85	6.85	24.75	14.50
Europe	EUR	2,516.35	2.83	6.70	4.22	22.94	10.25
North America	EUR	2,581.66	4.43	4.28	2.71	24.57	15.22
Global Ex-Asia	EUR	2,525.94	4.00	4.90	3.11	24.10	12.55
Global Ex-Europe	EUR	1,955.67	4.00	6.48	4.12	24.58	13.59
Global Ex-North America	EUR	1,863.27	3.05	9.13	5.78	24.03	11.01
Asia	EUR	1,453.82	3.20	10.85	6.85	24.75	14.50
Pure Asia	EUR	1,464.09	3.04	13.48	8.02	25.68	14.62
Japan	JPY	2,158.20	1.22	22.31	14.37	27.99	21.83
Australia	AUD	2,090.93	6.15	4.48	0.12	7.96	8.29
Pure Australia	AUD	2,098.76	1.22	9.29	1.98	6.98	9.08
Hong Kong	HKD	1,363.51	2.55	8.29	1.07	8.65	25.47
Singapore	SGD	1,153.45	2.78	15.63	4.17	35.41	20.30
New Zealand	NZD	1,069.69	6.11	4.55	0.86	6.97	-NA-
Europe	EUR	2,516.35	2.83	6.70	4.22	22.94	10.25
Europe Net Index	EUR	1,586.72	2.12	6.65	4.22	22.39	-NA-
Euro Zone	EUR	2,798.83	3.40	9.61	4.19	34.28	8.36
Euro Zone Net Index	EUR	1,703.69	2.55	9.50	4.19	33.18	-NA-
Europe Ex UK	EUR	2,897.73	3.22	7.93	4.67	34.04	8.32
Europe Ex UK Net Index	EUR	2,873.51	2.42	7.84	4.67	32.96	8.30
Europe Liquid 40	EUR	2,461.63	2.83	6.47	4.34	21.99	10.58
Europe Liquid 40 Net Index	EUR	2,430.74	2.12	6.42	4.34	21.47	-NA-
Europe Liquid 40 Ex UK	EUR	3,040.23	3.19	7.85	4.76	33.85	8.50
Europe Liquid 40 Ex UK Net Index	EUR	2,968.92	2.39	7.76	4.76	32.82	-NA-
UK	EUR	2,206.79	2.36	5.39	3.71	12.43	14.24
UK Net Index	EUR	1,460.18	1.77	5.39	3.71	12.35	-NA-
Netherlands	EUR	2,648.07	5.16	4.47	3.48	21.95	10.48
France	EUR	3,156.76	3.18	11.26	3.61	35.80	11.12
Spain	EUR	5,802.92	1.80	22.08	10.81	96.22	18.03
Austria	EUR	1,574.26	0.51	5.59	2.03	14.20	4.26
Sweden	EUR	3,411.99	3.45	8.12	5.53	28.49	19.15
Switzerland	EUR	1,724.18	0.46	11.54	8.41	25.39	8.12
Germany	EUR	1,112.89	3.20	9.24	1.08	40.94	25.70
Belgium	EUR	1,883.23	5.94	5.34	1.31	18.00	6.09
Italy	EUR	3,698.45	1.88	13.29	2.86	40.01	14.39
Finland	EUR	3,623.74	4.64	8.53	7.43	38.38	15.69
Denmark	EUR	501.87	1.67	25.25	15.75	161.94	65.39
Greece	EUR	991.86	2.62	12.28	20.32	20.91	-NA-
UK	GBP	2,430.59	2.36	6.35	3.37	8.23	14.09
UK Net Index	GBP	1,274.30	1.77	6.35	3.37	-NA-	-NA-
Switzerland	CHF	1,679.05	0.46	11.78	8.88	26.10	7.46
Sweden	SEK	3,734.06	3.45	9.43	5.30	32.58	18.91
Denmark	DKK	504.08	1.67	25.43	15.82	162.82	65.40
North America	USD	2,971.04	4.43	3.85	0.69	10.49	15.11
United States	USD	2,946.23	4.36	3.31	0.42	9.77	15.41
Canada	USD	3,602.34	5.46	12.46	4.65	23.36	13.16

Source: EPRA

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