



October 2005

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index lost 2.3% in October. Year to date, the global index (+21.3%) is firmly ahead. In October, Global Bonds lost 74 bps and the Global Equity market lost 4%. After a good run in September, all three regions were down in October. Asia lost 1.6%, Europe lost 4.7%, and North America lost 1.9%. 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 10.1% annually, Global Equities declined 5.8% in comparison, and Global Bonds added 6.0%. As a result, over the total five-year period, Global Real Estate returned 61.6%, Global Equities lost 25.8%, and Global Bonds added 33.9%.

Asset Classes (EUR)	Oct-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	-2.3	21.3	61.6	10.1
Global Equities	-4.0	16.9	-25.8	-5.8
Global Bonds	-0.7	2.8	33.9	6.0
Europe Real Estate	-4.7	17.1	105.1	15.4
N. America Real Estate	-1.9	22.2	81.2	12.6
Asia Real Estate	-1.6	22.8	30.1	5.4

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries ranged from -8.5% for EPRA/NAREIT Hong Kong (HKD) to +7.6% for EPRA/NAREIT Japan (JPY). EPRA/NAREIT New Zealand (NZD) advanced a modest 1.7% whereas EPRA/NAREIT Australia (AUD) lost 1.8%. EPRA/NAREIT Singapore (SGD) finished down 2.1%. Asia/Pacific volatility continues to decrease and currently stands at 14%.

Country	Oct-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	-1.6	22.8	30.1	5.4
Australia (AUD)	-1.8	6.0	75.8	11.9
Hong Kong (HKD)	-8.5	-0.6	46.6	8.0
Japan (JPY)	7.6	37.7	66.9	10.8
Singapore (SGD)	-2.1	32.6	46.1	7.9
New Zealand (NZD)	1.7	8.8	-NA-	-NA-

Source: EPRA/FTSE/JP Morgan

For the third consecutive month, Japanese companies headed up the top Asia-Pacific and Global performers list. Nine Japanese companies were placed in the top ten global performers at the end of the month. Of the top ten Japanese companies/REITs, five were developers and four were investors.

UBS analysts Toshihiko Okino wrote in a note that the real estate sector is starting to enter a new stage in which it will discount the potential for rents to rise. A-class buildings in central Tokyo are nearly at full occupancy and as a result, tenants are forced to accept rent hikes.

As Japan'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 before the 1 July. The Japanese

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Cabinet Office reported in September that Japan's economy grew at 3.3 percent in Q2, triple the initial estimate.

TOC Co topped the Asia-Pacific list with a jump of 39.6%, followed by Daikyo Inc (+30.6%). Tokyu Land advanced strongly with 25.4% after raising US\$ 416 million by selling shares. Tokyu Land will use the proceeds to buy land and invest in further developments. Shoei Co rose 13.1% in October after raising its full-year net income forecast 68 percent, citing gains from sales of shopping centres. After topping the global performers in September, Goldcrest propped up the bottom performers with a decline of 18.6% after a downgrade.

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.

In Singapore CapitaCommercial Trust topped the Singapore stocks in October with a gain of 4.6%, followed by Keppel Land (+3.2%). CapitaMall Trust, Singapore's largest REIT raised 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 28 bps in October.

The Central Bank of Singapore said in an email-statement that Singapore will raise the debt limit for REITs to 60% of their assets from 35 percent in a bid to boost the industry. Shane Tregillis, deputy managing director at the Monetary Authority of Singapore, stated "A robust regulatory regime that safeguards investors' interests while providing adequate flexibility to facilitate commercial transactions will support long-term development of the Singapore REIT market". The increased debt limit would help REITs as they evaluate plans to invest in overseas markets such as China. CapitaLand said in September that it plans to set up a REIT that invests in property throughout Asia.

In Hong Kong, HKR suffered heavily for the third consecutive month (-15.4%). 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.

The Securities and Futures Commission of Hong Kong has approved the listing of The Link REIT. Hong Kong is reviving its first REIT initial public offering after the \$2.7 billion sale was blocked by legal action last December. The government retained CapitaLand as the sale's only strategic investor, dropping eight others, to allocate more shares to individual investors and fund managers after receiving \$76 billion of orders last year. The Hong Kong Housing Authority plans to list the Link REIT on 24th of November.

Cheung Kong announced the disposal of seven commercial properties to Prosperity REIT and an application has been lodged for listing the REIT in HK. Total assets of the REIT are about HK\$4bn.

CFS Gandel (Australia) advanced 3.3% on speculation that a take-over bid may be made after founder John Gandel sold his stake in the company to partner Commonwealth Bank of Australia. The sale stoked speculation the Gandel family may not be committed to keeping its 19 percent equity stake in the trust. "The exit of the Gandel family from the management of the trust has led to the conclusion that CFS Gandel is now in play and open for a takeover", said Marcus Padley, an analyst at Tolhurst Noall Ltd. in Melbourne. The trust is 'a plum target' for Centro Properties Group, Stockland, GPT Group, Mirvac Group and Lend Lease Corp, Padley said.

Australian developer Multiplex (+8.5%) returned strongly in October after a loss (-9.2%) in September.

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Europe

In October, the EPRA/NAREIT Europe Index recorded its biggest monthly loss since January 2003 losing 4.7%. All major countries in Europe were down. EPRA/NAREIT France lost 7.6% followed by EPRA/NAREIT UK (GBP) with a loss of 4.9%. EPRA/NAREIT Netherlands and EPRA/NAREIT Sweden (SEK) lost 4.4% and 2.9% respectively. Broad European volatility stands at approximately 11%, the lowest of the three regions.

	Oct-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
Europe (EUR)	-4.7	17.1	105.1	15.4
UK (GBP)	-4.9	2.9	104.3	15.4
Netherlands (EUR)	-4.4	16.6	134.3	18.6
France (EUR)	-7.6	25.4	179.7	22.8
Sweden (SEK)	-2.9	28.7	166.4	21.7

Source: EPRA/FTSE/JP Morgan

The top five best European performers in October were all UK companies. Medical Property Fund led the rankings with a gain of 8.1%, followed by Unite Group (+4.4%), Daejan Holdings (+3%), ISIS Property Trust 2 (+1.4%) and F&C Commercial Property Trust (+1.1%). TK Development (Denmark) lost 17.2% in October propping up the bottom performer. Town Centre Securities (UK) lost 14.2% followed by Swiss PSP Swiss Property (-13.7%) and Helical Bar (-13.2%).

In October Casino's property division Mercialys placed 11.8 million new shares at EUR 18.13 per share. Casino remained a majority holding of 74.2%. The free float of the company is 18.5%. Mercialys did not meet the "fast track" rule of the FTSE EPRA/NAREIT Global Real Estate Index.

In September BAM Groep (Netherlands) approached AM (Netherlands) 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 dropped 1.6% in October.

Swiss Prime Site of Switzerland exercised a 1 for 4 rights issue at CHF 52.5, ex-date 28 October. CA Immobilien Anlagen (Austria) exercised a 1 for 8 rights issue at EUR 20.85, ex-date 31 October.

North America

Over the Atlantic, US real estate stocks lost 2.3% in USD terms, and remain well ahead (+7.7%) year to date. EPRA/NAREIT Canada (CAD) also hit a negative note, losing 4.6%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was down 2.5% during the month. Volatility in North America is 15%, the highest of the three regions.

	Oct-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
North America (USD)	-2.5	7.7	145.4	19.7
United States (USD)	-2.3	7.3	143.1	19.4
Canada (CAD)	-4.6	14.0	136.2	18.8

Source: EPRA/FTSE/JP Morgan

Morgan Stanley's Prime Property Fund agreed to buy AMLI Residential Properties Trust for \$2.1 billion, adding more than 28,300 apartments to its portfolio of office, retail, industrial and residential properties. AMLI's investors and members of its operating partnership will receive \$37.75 a share in cash, Morgan Stanley said in a statement 24th October. AMLI Residential gained 18% in October topping the North American performers list. The purchase, which has been approved by AMLI's board, also must be approved by the company's shareholders. The transaction likely will be completed in the first quarter of next year, the companies said.

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US Office investor Arden added 9.6%, followed by Post Properties (+9.5%) and Urstadt Biddle (+9.4%).

At the bottom end, Canadian companies fared poorly during October. Retirement Residences lost 15.9%, Calloway REIT fell 13.3%, Riocan Real Estate dropped 9.8% and Invest REIT declined 9.7%. American Financial Realty and Boykin Lodging also lost ground dropping 13.3 and 11.2 percent respectively.

Brandywine Realty Trust agreed to buy Prentiss Properties Trust for \$1.99 billion in cash and stock to more than double its office and commercial space. Prentiss shareholders will receive \$21.50 a share in cash and 0.69 share of Brandywine stock. Brandywine expects to complete the acquisition by the first quarter of 2006. Over the course of the month, Brandywine lost 10.5% and Prentiss dropped 2.8%.

O&Y Properties (Canada) was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 21 October following the completed acquisition by Brookfield. Gables Residential (USA) was 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 31 October, there were a total of 294 stocks in the index.

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

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Total Return		Close Value	Div Yld (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	36 Mths Vlty (%)
Index Description	Curr	31-Oct	31-Oct	QTD	Oct-05	YTD	
Global	EUR	2,032.48	4.03	- 2.34	- 2.34	21.35	12.08
Asia	EUR	1,430.81	3.72	- 1.58	- 1.58	22.78	14.60
Europe	EUR	2,397.55	2.99	- 4.72	- 4.72	17.13	10.77
North America	EUR	2,533.43	4.58	- 1.87	- 1.87	22.24	14.89
Global Ex-Asia	EUR	2,459.27	4.16	- 2.64	- 2.64	20.82	12.61
Global Ex-Europe	EUR	1,920.93	4.28	- 1.78	- 1.78	22.37	13.43
Global Ex-North America	EUR	1,810.08	3.43	- 2.85	- 2.85	20.49	11.34
Asia	EUR	1,430.81	3.72	- 1.58	- 1.58	22.78	14.60
Pure Asia	EUR	1,445.54	3.18	- 1.27	- 1.27	24.09	14.70
Japan	JPY	2,322.53	1.12	7.61	7.61	37.74	21.62
Australia	AUD	2,053.20	6.62	- 1.80	- 1.80	6.01	8.50
Pure Australia	AUD	2,058.89	1.12	- 1.90	- 1.90	4.95	9.28
Hong Kong	HKD	1,247.81	2.93	- 8.49	- 8.49	0.57	26.20
Singapore	SGD	1,129.44	3.14	- 2.08	- 2.08	32.59	20.31
New Zealand	NZD	1,088.29	6.00	1.74	1.74	8.83	-NA-
Europe	EUR	2,397.55	2.99	- 4.72	- 4.72	17.13	10.77
Europe Net Index	EUR	1,511.23	2.24	- 4.76	- 4.76	16.57	-NA-
Euro Zone	EUR	2,664.53	3.61	- 4.80	- 4.80	27.83	8.87
Euro Zone Net Index	EUR	1,620.57	2.71	- 4.88	- 4.88	26.68	-NA-
Europe Ex UK	EUR	2,748.68	3.41	- 5.14	- 5.14	27.15	9.03
Europe Ex UK Net Index	EUR	2,723.76	2.56	- 5.21	- 5.21	26.03	9.01
Europe Liquid 40	EUR	2,336.14	3.01	- 5.10	- 5.10	15.77	11.18
Europe Liquid 40 Net Index	EUR	2,305.82	2.26	- 5.14	- 5.14	15.22	-NA-
Europe Liquid 40 Ex UK	EUR	2,870.93	3.41	- 5.57	- 5.57	26.40	9.33
Europe Liquid 40 Ex UK Net Index	EUR	2,801.29	2.56	- 5.65	- 5.65	25.32	-NA-
UK	EUR	2,113.67	2.49	- 4.22	- 4.22	7.69	14.56
UK Net Index	EUR	1,398.56	1.87	- 4.22	- 4.22	7.61	-NA-
Netherlands	EUR	2,532.73	5.48	- 4.36	- 4.36	16.64	10.07
France	EUR	2,915.73	3.51	- 7.64	- 7.64	25.43	12.68
Spain	EUR	5,523.71	1.93	- 4.81	- 4.81	86.78	17.54
Austria	EUR	1,574.90	0.50	0.04	0.04	14.25	4.24
Sweden	EUR	3,237.14	3.55	- 5.12	- 5.12	21.91	19.56
Switzerland	EUR	1,564.28	0.49	- 9.27	- 9.27	13.76	10.16
Germany	EUR	1,063.61	3.34	- 4.43	- 4.43	34.70	22.47
Belgium	EUR	1,842.48	6.09	- 2.16	- 2.16	15.44	6.45
Italy	EUR	3,426.98	2.03	- 7.34	- 7.34	29.73	14.83
Finland	EUR	3,334.27	5.04	- 7.99	- 7.99	27.33	16.82
Denmark	EUR	455.49	1.84	- 9.24	- 9.24	137.73	64.95
Greece	EUR	984.64	2.64	- 0.73	- 0.73	20.03	-NA-
UK	GBP	2,311.04	2.49	- 4.92	- 4.92	2.91	14.51
UK Net Index	GBP	1,211.63	1.87	- 4.92	- 4.92	2.77	-NA-
Switzerland	CHF	1,515.53	0.49	- 9.74	- 9.74	13.82	9.88
Sweden	SEK	3,626.01	3.55	- 2.89	- 2.89	28.75	19.13
Denmark	DKK	457.49	1.84	- 9.24	- 9.24	138.52	64.96
North America	USD	2,896.33	4.58	- 2.51	- 2.51	7.72	14.83
United States	USD	2,879.62	4.51	- 2.26	- 2.26	7.29	15.10
Canada	USD	3,381.78	5.73	- 6.12	- 6.12	15.80	13.62

Source: EPRA

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