



November 2005

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index added 5.2% in November. Year to date, the global index (+27.7%) is firmly ahead. In November, Global Bonds added 40 bps and the Global Equity market gained 7.5%. After poor results in October, all three regions bounced back in November. Asia added 4.3%, Europe gained 3.6%, and North America surged 6.3%. 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 11.4% annually, Global Equities declined 2.7% in comparison, and Global Bonds added 5.7%. As a result, over the total five-year period, Global Real Estate returned 71.8%, Global Equities lost 13%, and Global Bonds added 32.1%.

Asset Classes (EUR)	Nov-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	5.2	27.7	71.8	11.4
Global Equities	7.5	25.7	-13.0	-2.7
Global Bonds	0.4	3.2	32.1	5.7
Europe Real Estate	3.6	21.4	109.7	16.0
N. America Real Estate	6.3	30.0	93.5	14.1
Asia Real Estate	4.3	28.0	39.4	6.9

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries all fell on positive ground. Performance ranged from +20bps for EPRA/NAREIT Singapore (SGD) to +12.8% for EPRA/NAREIT New Zealand (NZD). EPRA/NAREIT Australia (AUD) and EPRA/NAREIT Japan (JPY) both advanced a more modest 3.4%. EPRA/NAREIT Hong Kong (HKD) jumped an impressive 6.4%. Asia/Pacific volatility continues to decrease and currently stands at 14%.

Country	Nov-05 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	4.3	28.0	39.4	6.9
Australia (AUD)	3.4	9.6	79.7	12.4
Hong Kong (HKD)	6.4	5.8	58.0	9.6
Japan (JPY)	3.4	42.5	69.6	11.1
Singapore (SGD)	0.2	32.9	44.0	7.6
New Zealand (NZD)	12.8	22.8	-NA-	-NA-

Source: EPRA/FTSE/JP Morgan

Officer developer, China Overseas Land (+ 30.5%) headed up the top Asia-Pacific performers list. Japanese office investor Shoei Co leapt 28.4% followed by Japanese office developer Heiwa Real Estate gaining 23.7%. Much awaited Link REIT hit the ground running, jumping 17%.

As Japan's economy expands, office vacancies are falling. The office vacancies in Tokyo fell to their lowest point (4.4%) since January 2002. In addition, rents increased for a third consecutive months according to Miki Shoji Co, the real estate broker. The report was distributed through the Ministry of Land, Infrastructure and Transportation and covered Tokyo's five main business districts – Chiyoda, Chuo, Minato, Shinjuku and Shibuya. The report also stated that the demand for space in large office buildings is 'strong'. UBS analyst Toshihiko Okino wrote in a note that the real estate sector is starting to enter a new stage in

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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.

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.

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. CapitalLand said in September that it plans to set up a REIT that invests in property throughout Asia.

Keppel Land announced in November that it plans to set up a real estate investment trust with four downtown office buildings in the city state valued at US\$373 million. The trust is scheduled for a Q1 2006 sale. The trust, planned to be named K-REIT Asia, will hold Keppel Towers, GE Tower, Bugis Junction Towers and the company's 44% holding in Prudential Tower in the portfolio. Approximately 60% of the trust will be distributed to current Keppel shareholders on a 1 for 5 basis, with the remaining 40% being offered to the public. Keppel Land was down 52 bps in November.

On 25th November the Link REIT finally listed its shares on the Hong Kong Stock Exchange. The Link REIT is the first REIT to come to the market after the Securities and Future Commission in Hong Kong introduced the new Code on REIT in July 2003. The Link REIT, set up to manage 180 shopping malls and 79,000 car parks, raised \$2.6 billion. The sale is the world's largest property trust initial public offering, reflecting increased demand for high-yield stocks. The Link REIT will offer an estimated 6 percent yield for the year ending March 2007, attractive compared against the government bond market. Shares of Link REIT responded well jumping 15 percent on its debut. Link REIT ended November up 17%. Link REIT entered the FTSE EPRA/NAREIT Indices at 28 November 2005 under the fast track rule.

Henderson Land announced that it planned to buy Henderson Investment, a Hong Kong company that invests in gas distribution and real estate in November. Henderson Land will offer one share for every 2.6 Henderson Investment, an offer equivalent to US\$1.3 billion. This is the third privatisation of the Henderson group this year. Henderson Vice-Chairman said that, "the effect of three privatisations is to streamline Henderson Land and get it prepared for the next big step." Lam did not point out what the 'next big step' will be. Henderson Land advanced 1% in November.



Europe

In November, the EPRA/NAREIT Europe Index recovered 3.6% following its large fall in October. Major countries in Europe were mixed. EPRA/NAREIT UK (GBP) produced heavy gains (+9%) following great performance from UK companies. In fact, from the top 20 global performers, six came from the UK. EPRA/NAREIT Sweden moved on 6.4%. On the negative side, EPRA/NAREIT France lost 1.6% followed by EPRA/NAREIT Netherlands (1.3%). Broad European volatility stands at approximately 11%, the lowest of the three regions.

	Nov-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
Europe (EUR)	3.6	21.4	109.7	16.0
UK (GBP)	9.0	12.2	108.3	15.8
Netherlands (EUR)	-1.3	15.1	129.3	18.1
France (EUR)	-1.6	23.5	169.6	21.9
Sweden (SEK)	6.4	36.9	180.9	22.9

Source: EPRA/FTSE/JP Morgan

Despite great performance from the UK companies, the top performer in Europe was Danish office developer Nordicom. Nordicom jumped 38.3% during November. Of the top 20 European performers, the 17 positions were filled by UK companies. Big Yellow Group (24.7%) took a large stride forward, with Town Centre Securities (+18%) just a step behind. Warner Estates (+16.8%), Shaftsbury, McKay (+14.9), Mucklow (+13.9%), Shaftsbury (+13.6%), Capital & Regional (+11.7%), Land Securities (+11.5%), Workspace (+11.9%), Grainger Trust (+10.6%), London Merchant (+10.6%) and British Land (+10.1%) all hit double digit returns for the month.

Land Securities, Europe's largest real estate developer, jumped 5.4% on 16 November, when the company announced its biggest increase since 2 November 2000. The company reported an increase in net asset value and profit gains fuelled by higher London office rents. Land Securities refocused its business in the first half by investing £1.2 billion in acquisitions and developments, with disposals of properties and units totalling £700 million. The sales included its 50% stake in Telereal, a business that looks after BT Group's properties. The company ended 11.5% up for the month.

On 24 November, British Land announced that its net asset value had increased 11% in its first half results, as investor demand pushed up the value of retail centres and office rents rose. British Land finished the month slightly ahead 10.1%.

Big Yellow Group, the storage centre operator jumped in 24.7% in November, scoring their life high of 302p per share during the month. Chairman Nicholas Vetch said, "The group continues to enjoy a strong financial position. We intend to continue our expansion by acquiring six to eight new sites per annum and look forward to opening the 12 stores in our pipeline."

Warner Estates moved forward strongly in November (+16.8%). The company announced on 29 November that it had bought the Principal Portfolio from the Co-operative Insurance Society (CIS) for £159 million. The portfolio is made up of seven regional office investments throughout the UK.

On 10 November, BAM Groep announced that it would make a public bid for AM of €10.15 per share and € 2.30 per outstanding warrant, through its bidding vehicle Terra Amstel BV. The offer values Dutch residential developer AM at €952 million. AM finished November 1.8% ahead.

Kungsliden, the Swedish real estate company jumped 8% following the MSCI announcement that the company would join its standard index. Kungsliden has almost doubled in value this year. Kungsliden stated in October that it is buying a total of 179

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properties for US\$650 million from Weland Fastigheter and Faagelviks Holing. Kungsleden ended November up 12.7%.

Deutsche Euroshop, the German retail company, sold 1.56 million shares at €43 to raise a total of €67.2 million to help finance retail investments this year. The company plans to make a new €80 million investment in Germany before the end of 2005. Shares in Deutsche Euroshop end the month 2.9% up.

ING UK Real Estate Income Trust, IPO'd on 25 October, entered the FTSE EPRA/NAREIT Global Real Estate Index on 3 November under fast track rule. ING UK Real Estate Income Trust gained 5.3% in November.

North America

Over the Atlantic, US real estate stocks gained 4.5% in USD terms, and remain well ahead (+ 12.7%) year to date. EPRA/NAREIT Canada (CAD) also hit a positive note, adding 5.6%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 4.7% during the month. Volatility in North America is 15%, the highest of the three regions.

	Nov-05	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
North America (USD)	4.7	12.7	151.3	20.2
United States (USD)	4.5	12.2	148.5	20.0
Canada (CAD)	5.6	20.4	143.2	19.4

Source: EPRA/FTSE/JP Morgan

La Quinta headed the North America and Global performers with massive gain of 31.3%. On 9 November, Blackstone Group, which is raising the world's largest buyout fund, agreed to buy hotel operator La Quinta Corp, and its La Quinta Properties unit for about US\$3.4 billion including debt. Blackstone will pay US\$11.25 per share. La Quinta owns and operates 360 hotels and franchises more than 240 hotels in 39 states. Blackstone, founded 20 years ago by Stephen Schwarzman and Pete Peterson, has raised six real estate funds with more than US\$8 billion in equity. The firm received US\$12.5 billion in commitments from investors in 2005 to create the world's largest buyout fund.

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. 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. AMLI Residential added 55 bps during the month.

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 added 7.4% and Prentiss gained 5.3%.

Shurgard Storage Centers, the US REIT owning assets in both the US and Europe, announced that it's Board of Directors has authorised management and the company's financial advisors to explore strategic alternatives to maximise shareholder wealth. These alternatives include, but are not limited to, a sale of the company, formation of joint ventures with strategic partners, sales to certain assets or operations, and continued implementation of Shurgard's strategic business plan. Shurgard advanced 4.7% in November.

Capital Automotive REIT, which leases property to more than 500 car dealerships in the US, agreed to be bought by real estate investment firm DRA Advisors LLC for US\$1.72 billion in cash. DRA Advisors will pay US\$38.75 a share for Capital Automotive valuing the

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transaction at US\$3.4 billion including debt and preferred shares. According to www.capitalautomotive.com, it has almost US\$2.5 billion in 345 properties. Capital Automotive leapt 1.2% during November.

The Capital Automotive deal is the latest in a number of REIT acquisitions. ING Clarion Partners completed its US\$1.6 billion deal for Gables Residential in September, Prologis bought rival Catellus Development for US\$3.6 billion, and O&Y Properties was taken over by Brookfield Properties. According to Jap Leupp, Managing Director at RBC Capital Markets in San Francisco, low interest rates make it cheaper for buyers to borrow money, and high prices for individual properties make acquiring a complete portfolio through a REIT an attractive proposition.

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 November, 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-Nov	Div		Total		36 Mths Vlty (%)
			Yld (%) 30-Nov	Rtn (%) QTD	Rtn (%) Nov-05	Rtn (%) YTD	
Total Return							
Global	EUR	2,138.76	3.88	2.76	5.23	27.69	12.22
Asia	EUR	1,492.12	3.56	2.63	4.28	28.04	14.67
Europe	EUR	2,484.53	2.87	- 1.26	3.63	21.38	10.81
North America	EUR	2,693.73	4.42	4.34	6.33	29.97	15.06
Global Ex-Asia	EUR	2,597.12	4.02	2.82	5.61	27.60	12.76
Global Ex-Europe	EUR	2,028.62	4.11	3.73	5.61	29.23	13.57
Global Ex-North America	EUR	1,882.95	3.29	1.06	4.03	25.34	11.41
Asia	EUR	1,492.12	3.56	2.63	4.28	28.04	14.67
Pure Asia	EUR	1,509.10	3.03	3.07	4.40	29.54	14.77
Japan	JPY	2,402.12	1.09	11.30	3.43	42.46	21.36
Australia	AUD	2,123.21	6.44	1.54	3.41	9.62	8.52
Pure Australia	AUD	2,134.73	1.09	1.71	3.68	8.82	9.32
Hong Kong	HKD	1,327.80	2.58	- 2.62	6.41	5.80	26.06
Singapore	SGD	1,132.24	3.24	- 1.84	0.25	32.92	19.34
New Zealand	NZD	1,227.82	5.56	14.78	12.82	22.78	-NA-
Europe	EUR	2,484.53	2.87	- 1.26	3.63	21.38	10.81
Europe Net Index	EUR	1,565.78	2.15	- 1.32	3.61	20.77	-NA-
Euro Zone	EUR	2,626.12	3.66	- 6.17	- 1.44	25.99	9.01
Euro Zone Net Index	EUR	1,596.59	2.75	- 6.29	- 1.48	24.81	-NA-
Europe Ex UK	EUR	2,739.49	3.42	- 5.46	- 0.33	26.72	8.99
Europe Ex UK Net Index	EUR	2,713.76	2.57	- 5.56	- 0.37	25.56	8.96
Europe Liquid 40	EUR	2,416.21	2.93	- 1.85	3.43	19.73	11.20
Europe Liquid 40 Net Index	EUR	2,384.44	2.20	- 1.90	3.41	19.15	-NA-
Europe Liquid 40 Ex UK	EUR	2,845.68	3.45	- 6.40	- 0.88	25.29	9.36
Europe Liquid 40 Ex UK Net Index	EUR	2,775.74	2.59	- 6.51	- 0.91	24.17	-NA-
UK	EUR	2,287.70	2.30	3.67	8.23	16.56	14.96
UK Net Index	EUR	1,513.71	1.73	3.67	8.23	16.47	-NA-
Netherlands	EUR	2,499.41	5.60	- 5.61	- 1.32	15.11	10.23
France	EUR	2,870.22	3.56	- 9.08	- 1.56	23.47	12.51
Spain	EUR	5,221.90	2.04	- 10.01	- 5.46	76.57	17.92
Austria	EUR	1,573.31	0.49	- 0.06	- 0.10	14.13	4.24
Sweden	EUR	3,447.92	3.34	1.05	6.51	29.85	19.18
Switzerland	EUR	1,575.80	0.48	- 8.61	0.74	14.60	10.11
Germany	EUR	1,082.30	3.29	- 2.75	1.76	37.07	21.93
Belgium	EUR	1,849.77	6.07	- 1.78	0.40	15.90	6.46
Italy	EUR	3,411.32	2.04	- 7.76	- 0.46	29.14	14.69
Finland	EUR	3,394.16	4.95	- 6.34	1.80	29.62	16.77
Denmark	EUR	555.72	1.51	10.73	22.00	190.04	65.89
Greece	EUR	973.09	2.67	- 1.89	- 1.17	18.63	-NA-
UK	GBP	2,518.72	2.30	3.63	8.99	12.16	15.03
UK Net Index	GBP	1,320.52	1.73	3.63	8.99	12.00	-NA-
Switzerland	CHF	1,530.15	0.48	- 8.87	0.96	14.92	9.87
Sweden	SEK	3,856.45	3.34	3.28	6.36	36.93	18.83
Denmark	DKK	557.45	1.51	10.59	21.85	190.64	65.88
Nth America	USD	3,031.26	4.42	2.03	4.66	12.73	14.83
United States	USD	3,010.22	4.35	2.17	4.54	12.16	15.09
Canada	USD	3,603.69	5.45	0.04	6.56	23.40	13.79

Source: EPRA

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