



January 2006

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index added 3.6% in January. To recap, the global index (+32.9%) finished firmly ahead in 2005. In January, Global Bonds fell 30 bps and the Global Equity market gained 2%. All three real estate regions moved forward in January. Europe added an impressive 5.4%, North America gained 3.7%, and Asia firmed 2.2%. 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 12.4% annually, Global Equities declined 1.4% in comparison, and Global Bonds added 5.4%. As a result, over the total five-year period, Global Real Estate returned 79.2%, Global Equities lost 6.7%, and Global Bonds added 29.9%.

Asset Classes (EUR)	Jan-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	3.6	3.6	79.2	12.4
Global Equities	2.0	2.0	-6.7	-1.4
Global Bonds	-0.3	-0.3	29.9	5.4
Europe Real Estate	5.4	5.4	123.6	17.5
N. America Real Estate	3.7	3.7	97.2	14.5
Asia Real Estate	2.2	2.2	50.8	8.6

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries largely fell on positive ground. Performance ranged from negative 1.2% for EPRA/NAREIT Australia (AUD) to a very strong 9.6% for EPRA/NAREIT Singapore (SGD). EPRA/NAREIT Hong Kong (HKD) added an impressive 8.3%, and EPRA/NAREIT Japan (JPY) continued to move forward (+ 4.7%). EPRA/NAREIT New Zealand (NZD) was neutral in January. Asia/Pacific volatility remains stable and currently stands at 14%.

Country	Jan-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	2.2	2.2	50.8	8.6
Australia (AUD)	-1.2	-1.2	90.0	13.7
Hong Kong (HKD)	8.3	8.3	39.5	6.9
Japan (JPY)	4.7	4.7	159.6	21.0
Singapore (SGD)	9.6	9.6	57.2	9.5
New Zealand (NZD)	0.0	0.0	-NA-	-NA-

Source: EPRA/FTSE/JP Morgan

In January, Hong Kong stocks headed up the Asian best performers list. Developers, Hang Lung Properties (+25%), Kerry Properties (+23%), China Overseas Land (+21%) and Sino Land (+15%) all drove forward strongly. Kerry Properties is seeking a loan deal for at least US\$ 774 million to refinance company debt at a lower cost, said bankers approached by the company. Over two-thirds of the loan will be used to replace a loan arranged in 2002, while the remainder will be used as working capital. Bloomberg reports that property companies throughout the Asian region took on US\$ 30 billion of syndicated loans in 2005, 50% more than in 2004. Developers such as Sun Hung Kai have stepped up land purchases to build offices, retail outlets, residential units and hotels to meet increased demand. Commercial and residential property prices have almost tripled in some parts of Asia since mid-2003. Hong Kong prime retail space has soared 175% since 2003, while the cost of office space has increased 136%. The IMF forecasts Asia's economy (ex Japan) will grow 6.9% in 2006, ahead of the 4.3% predicted for world growth.

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As Japan's economy expands, office vacancies continue to fall. The office vacancies in Tokyo fell to their lowest point (4.2%) since December 2001. In addition, rents increased for a third consecutive month 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' and likely to 'improve further'. Tokyo is the world's most expensive city after London. At a stock level, Japan's big performer in January was NTT Urban Development (+17%).

The Central Bank of Singapore said in a 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 rose 15% in January. The company is the majority shareholder in the Ascott Group, which runs Asia's biggest chain of serviced apartments. Ascott announced in January that it wished to place 12 properties into a US\$525 million trust that will be sold to shareholders at preferential prices. Capitaland predicts that home prices will rise by as much as 10% in 2006. In addition, AREIT (+ 13%) and Singapore Land (+12%) forged ahead.

Staying in Singapore, Keppel Land announced 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 up 3.8% in January.

In Australia, it was reported in January that Westfield and GPT are among companies that may bid more than US\$375 million for a half-interest in Melbourne's Highpoint mall. The other likely bidders are Lend Lease, CFS Gandel Retail Trust and AMP Capital. The mall is currently owned by 81 year old billionaire Marc Besen. The mall is Australia's third most profitable retail outlet.

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Europe

In January, the EPRA/NAREIT Europe Index moved forward 5.4%. Europe finished 2005 up 26.1%. Major countries in Europe were all ahead. EPRA/NAREIT UK (GBP) produced a third consecutive month of impressive gains (+4.1%), following yet another month of strong performance from UK companies. In fact, from the top 20 European performers, nine come from the UK. EPRA/NAREIT France was the best performing major European country. France added 5.3% in January, followed by EPRA/NAREIT Netherlands (3.5%), and EPRA/NAREIT Sweden +1.2%. Broad European volatility stands at approximately 11%, the lowest of the three regions.

	Jan-06	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
Europe (EUR)	5.4	5.4	123.6	17.5
UK (GBP)	4.1	4.1	116.7	16.7
Netherlands (EUR)	3.5	3.5	128.1	17.9
France (EUR)	5.3	5.3	181.2	23.0
Sweden (SEK)	1.2	1.2	192.6	23.9

Source: EPRA/FTSE/JP Morgan

As at the end of January, the European section of the FTSE EPRA/NAREIT Indices consisted of 90 constituents and had a free float market capitalisation of €107 billion. The pool investors can fish from has grown considerably in the past 18 months. A net total of 22 constituents were added in 2005, with free float market capitalisation increasing by €27 billion.

German diversified investor IVG topped the European and Global performers in January. The company added 34%. Deutsche Bank recommended that investors buy IVG and put a €25 per share price target on the stock. Deutsche Bank commented that IVG would benefit from its exposure to the recovering office market, 'hidden value' in its oil and gas storage business and growth in its property funds unit.

UK storage group Big Yellow saw its share price hike up 19% in January. The company announced that revenue rose 23% after it opened a new centre, and acquired five others. Big Yellow opened its first storage centre in 1999. The current free float market value of the company is €400 million.

Metrovacesa, Spain's largest developer jumped 12% in January. The company announced that profit climbed 69% following the purchase of Gecina to increase its rental business. Metrovacesa is increasing investments in its rental portfolio as Spain's residential market cools down after a seven year run. In March 2005, Metrovacesa bought Paris based Gecina for €5.5 billion to access some of Europe's highest office rents and allowing the company to take advantage of the tax breaks offered by the SIIC structure. Metrovacesa paid a special dividend of €0.30 on 31 January.

Following the acquisition of 94% of AM (Netherlands) shares by BAM Group, AM was deleted from the FTSE EPRA/NAREIT Global Real Estate Index as at 31 January. The deal valued AM at €1.2 billion.

Fabege, the Swedish investor announced that it was buying a majority stake in Tornet for \$390 million in December. The deal was completed in January giving Fabege a 82.4% stake in Tornet. Fabege bought 21.3 million shares held by LRT Acquisition AB, a Swedish private equity company. Fabege finished January 1.3% down.

North America

Over the Atlantic, US real estate stocks gained 6.9% in USD terms in January. US REITs completed 2005 with a strong result of + 12.4%. EPRA/NAREIT Canada (CAD) also hit a positive note in January, adding 2.7%. Canada finished 2005 + 24.1% ahead. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 6.8% during the

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month. The index achieved + 13.2% in 2005. Volatility in North America is 15%, the highest of the three regions.

	Jan-06	YTD	Rolling 5 Yrs	Average Annual
Country	Return %	Return %	Return %	Return %
North America (USD)	6.8	6.8	147.1	19.8
United States (USD)	6.9	6.9	144.1	19.5
Canada (CAD)	2.7	2.7	145.2	19.7

Source: EPRA/FTSE/JP Morgan

Hotel stocks performed well for the second consecutive month in January. Ashford Hotel and Equity Inns both added 17% to head the North America performers. Felcor Lodging was just behind at +15%. According to Smith Travel Research, US room occupancy rose 7% in 2005 and revenue per room climbed 15%. Average daily rate per room moved from \$76.50 to \$81.93, a 7.1% increase over the 12 months.

Residential investor Town & Country Trust agreed to be acquired by a joint venture of Morgan Stanley and Onex Corporation for approximately US\$ 1.3 billion in cash. Onex Real Estate and Morgan Stanley Real Estate will pay US\$ 33.90 a share. The sale needs to be approved by two-thirds of Town & Country's common shareholders. Shares in Town & Country were up 9.5% in January.

Continuing the M&A activity, GE Real Estate agreed to buy office investor Arden Realty for US\$ 3.2 billion in cash. GE Real Estate said in a statement that they will pay US\$ 45.25 a share for Arden Realty. In addition, GE Real Estate will also assume US\$ 1.6 billion of debt. Trizec Properties will buy a part of Arden assets for US\$ 1.63 billion. The deal is expected to be wrapped up late in the first quarter of 2006. Arden's shares firmed 76bps in January. Shares of Trizec Properties were up 1.6% in January.

Blackstone Group completed its purchase of hotel operator La Quinta Corp, and its La Quinta Properties unit for US\$ 3.4 billion including debt. Blackstone paid US\$ 11.25 per share. Blackstone buys 360 hotels and franchises in 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. La Quinta was deleted from the FTSE EPRA/NSAREIT Global Real Estate Index effective 26 January.

Morgan Stanley's Prime Property Fund agreed to buy AMLI Residential Properties Trust for US\$ 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 US\$ 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 is expected to be completed in the first quarter of 2006. AMLI ended January 81bps better off.

Brandywine Realty Trust bought Prentiss Properties Trust for US\$ 1.99 billion in cash and stock to more than double its office and commercial space. Prentiss shareholders received US\$ 21.50 a share in cash and 0.69 share of Brandywine stock. Shareholders of both Brandywine and Prentiss approved the merger proposals in December. Brandywine and Prentiss expect to complete the acquisition on 6 January. For index purposes, Prentiss shares were merged under Brandywine as at 6 January. Brandywine was up 13% in January.

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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 January, there were a total of 304 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	Curr	Close Value 31-Jan	Div Yld (%)	Total	Total	Total	36 Mths Vlty (%)
				Rtn (%)	Rtn (%)	Rtn (%)	
Index Description				QTD	Jan-06	YTD	
Global	EUR	2,306.02	3.61	3.58	3.58	3.58	11.08
Asia	EUR	1,693.67	3.22	2.24	2.24	2.24	14.30
Europe	EUR	2,721.38	2.62	5.44	5.44	5.44	9.85
North America	EUR	2,804.06	4.22	3.71	3.71	3.71	14.10
Global Ex-Asia	EUR	2,740.33	3.79	4.17	4.17	4.17	11.69
Global Ex-Europe	EUR	2,179.36	3.85	3.15	3.15	3.15	12.46
Global Ex-North America	EUR	2,107.99	2.99	3.44	3.44	3.44	10.72
Asia	EUR	1,693.67	3.22	2.24	2.24	2.24	14.30
Pure Asia	EUR	1,744.90	2.70	2.97	2.97	2.97	14.66
Japan	JPY	3,117.50	0.87	4.75	4.75	4.75	24.01
Australia	AUD	2,209.80	6.60	- 1.18	- 1.18	- 1.18	8.91
Pure Australia	AUD	2,236.73	0.87	- 0.49	- 0.49	- 0.49	9.61
Hong Kong	HKD	1,494.50	2.30	8.32	8.32	8.32	25.20
Singapore	SGD	1,252.72	3.07	9.56	9.56	9.56	18.22
New Zealand	NZD	1,217.36	5.78	-	-	-	-NA-
Europe	EUR	2,721.38	2.62	5.44	5.44	5.44	9.85
Europe Net Index	EUR	1,714.55	1.97	5.42	5.42	5.42	-NA-
Euro Zone	EUR	2,854.50	3.34	6.56	6.56	6.56	8.98
Euro Zone Net Index	EUR	1,734.24	2.51	6.51	6.51	6.51	-NA-
Europe Ex UK	EUR	2,974.71	3.09	6.09	6.09	6.09	8.73
Europe Ex UK Net Index	EUR	2,945.12	2.32	6.06	6.06	6.06	8.73
Europe Liquid 40	EUR	2,649.82	2.64	5.42	5.42	5.42	10.27
Europe Liquid 40 Net Index	EUR	2,614.42	1.98	5.40	5.40	5.40	-NA-
Europe Liquid 40 Ex UK	EUR	3,085.95	3.14	6.28	6.28	6.28	9.14
Europe Liquid 40 Ex UK Net Index	EUR	3,008.82	2.36	6.23	6.23	6.23	-NA-
UK	EUR	2,528.10	2.12	4.74	4.74	4.74	13.57
UK Net Index	EUR	1,672.79	1.59	4.74	4.74	4.74	-NA-
Netherlands	EUR	2,666.45	5.30	3.54	3.54	3.54	9.68
France	EUR	3,137.74	3.30	5.33	5.33	5.33	11.94
Spain	EUR	5,582.81	2.06	9.98	9.98	9.98	18.45
Austria	EUR	1,646.27	0.18	3.69	3.69	3.69	4.50
Sweden	EUR	3,679.69	3.22	2.73	2.73	2.73	18.19
Germany	EUR	1,402.00	2.55	22.88	22.88	22.88	23.46
Switzerland	EUR	1,627.04	0.46	1.69	1.69	1.69	9.98
Belgium	EUR	1,884.39	6.14	- 0.26	- 0.26	- 0.26	6.30
Italy	EUR	3,826.68	1.81	10.74	10.74	10.74	14.87
Denmark	EUR	700.14	0.92	11.00	11.00	11.00	62.93
Finland	EUR	3,676.03	4.55	9.64	9.64	9.64	16.93
Poland	EUR	1,021.26	-	17.87	17.87	17.87	-NA-
UK	GBP	2,791.16	2.12	4.15	4.15	4.15	13.88
UK Net Index	GBP	1,463.34	1.59	4.15	4.15	4.15	-NA-
Switzerland	CHF	1,585.74	0.46	1.76	1.76	1.76	9.81
Sweden	SEK	3,995.75	3.22	1.19	1.19	1.19	18.14
Denmark	DKK	703.35	0.92	11.08	11.08	11.08	62.95
Poland	PLN	1,208.33	-	17.34	17.34	17.34	-NA-
North America	USD	3,250.00	4.22	6.76	6.76	6.76	14.77
United States	USD	3,225.29	4.14	6.88	6.88	6.88	15.04
Canada	USD	3,899.88	5.36	4.95	4.95	4.95	13.61

Source: EPRA

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