



February 2006

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index added 4.2% in February, year to date the index is + 7.9%. To recap, the global index (+32.9%) finished firmly ahead in 2005. In February, Global Bonds was level and the Global Equity market gained 3.1%. All three real estate regions moved forward for the second consecutive month. Europe added an impressive 7.3%, North America gained 3.9%, and Asia firmed 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 13.1% annually, Global Equities declined 0.8% in comparison, and Global Bonds added 5.2%. As a result, over the total five-year period, Global Real Estate returned 85.4%, Global Equities added 4.1%, and Global Bonds added 28.7%.

Asset Classes (EUR)	Feb-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	4.2	7.9	85.4	13.1
Global Equities	3.1	5.2	4.1	0.8
Global Bonds	0.0	-0.3	28.7	5.2
Europe Real Estate	7.3	13.1	134.4	18.6
N. America Real Estate	3.9	7.7	107.3	15.7
Asia Real Estate	2.7	5.0	52.0	8.7

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 3.3% for EPRA/NAREIT Japan (JPY) to a strong 4.2% for EPRA/NAREIT Singapore (SGD). EPRA/NAREIT Hong Kong (HKD) added 3.9%, and EPRA/NAREIT Australia (AUD) moved forward 3.5%. EPRA/NAREIT New Zealand (NZD) was neutral for the second consecutive month. Asia/Pacific volatility remains stable and currently stands at 14%.

Country	Feb-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	2.7	5.0	52.0	8.7
Australia (AUD)	3.5	2.2	97.6	14.6
Hong Kong (HKD)	3.9	12.5	43.2	7.4
Japan (JPY)	-3.3	1.3	130.9	18.2
Singapore (SGD)	4.2	14.2	69.7	11.2
New Zealand (NZD)	0.0	0.0	-NA-	-NA-

Source: EPRA

Keppel Land rose 16% in February. The company 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.

Capitaland advanced 6% during the month of February. 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. Ascott shareholders will be offered

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units in the REIT at a 48% discount to book value. Capitaland predicts that home prices will rise by as much as 10% in 2006.

In February, Hong Kong developer Kowloon Development (+ 19.4%) headed up the Asian best performers list. Staying in Hong Kong, the Link REIT added 13.3%. The Link REIT is seeking to refinance US\$1.6 billion of debt to reduce borrowing costs by extending maturity. The new five year deal will replace a one-year loan the trust received before the IPO late last year. Office investor Great Eagle holdings added 11.5% in February. The company plans to sell shares in their office buildings in the form of a REIT according to the Hong Kong Economic Times. Developer HKR International jumped 10.9% during the month. The company aims to generate HK\$4 billion of property sales in 2006, up from HK\$1 billion in 2005. The sales are expected to come from two projects – the Chianti project in Discovery Bay and the Coastal Skyline in Tung Chung.

Henderson Land, the Hong Kong based residential developer, plans to sell as much as US\$500 million in a REIT backed by assets owned by its Chairman Lee Chau-kee. The IPO is planned to be conducted in the second quarter. Henderson Land added 5.3% in February. 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.

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 February was Japan Prime Realty (+ 8%). Nippon Building Fund, Japan's largest REIT announced that it will sell US\$830 million of shares to finance funds for property purchases. The sale equates to 19% of its outstanding stock. The shares will be priced on March 8 or 10.

In Australia, Centro Properties added 11% during the month. The trust has interest in 47 properties and is expected to acquire more properties in 2006. GPT Group agreed to buy a 50% stake in Melbourne's Highpoint Shopping Center, Australia's third biggest mall by annual sales. The mall is currently owned by 81 year old billionaire Marc Besen. Besen will keep the remaining 50% stake in the mall. A spokesman for the Besen family declined to comment when asked how much GPT will pay.

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Europe

In February, the EPRA/NAREIT Europe Index moved forward 7.3%. Europe finished 2005 up 26.1%. Major countries in Europe were all ahead strongly. EPRA/NAREIT UK (GBP) produced a fourth consecutive month of impressive gains (+ 6.5%), following yet another month of strong performance from UK companies. EPRA/NAREIT France was the best performing major European country for the second consecutive month. France added 13.9% in February, followed by EPRA/NAREIT Sweden (+11.9%), and EPRA/NAREIT Netherlands + 9.4%. Broad European volatility stands at approximately 10%, the lowest of the three regions.

Country	Feb-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	7.3	13.1	134.4	18.6
UK (GBP)	6.5	10.9	129.9	18.1
Netherlands (EUR)	9.4	13.2	144.4	19.6
France (EUR)	13.9	19.9	207.2	25.2
Sweden (SEK)	11.9	13.2	204.4	24.9

Source: EPRA

As at the end of February, the European section of the FTSE EPRA/NAREIT Indices consisted of 90 constituents and had a free float market capitalisation of €114 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. We see this growth set to continue as the UK and Germany plan to adopt REIT legislation in the next 12 months.

Polish diversified developer Globe Trade Centre topped the European and Global performers in February. The company added 30%. Globe Trade has added an incredible 57% since it joined the FTSE EPRA/NAREIT on 19 December 2005. Greek developer Babis Vovos put in an impressive month too, with a jump of 22% to €17 per share. Deutsche Bank placed a price target of €20.40 per Babis Vovos share at the beginning of February. Swedish office investor Kungsleden announced that its expected profit to rise by 50% in 2006. The shares jumped 20% in February.

French retail investor Klepierre added 19% in February. BNP Paribas announced during the month that it had reduced its stake in the company to 52%. Klepierre reported a 23% increase in net income on higher revenues from rents, which climbed 11% in the period. The company's Chairman, Michel Clair, stated, "Rents will keep rising in 2006 even though they will grow at a slower pace than 2005."

Hammerson which owns offices and retail outlets in the UK and France said the net value of its assets rose 19% in the second half on demand for commercial property. Hammerson, which joined the FTSE 100 in 2005 following a 14 year absence, spent almost GBP300 million buying retail properties in London and Paris in the second half of last year. Earlier this year, it sold its head office at 100 Park Lane to a Middle Eastern investor for GBP 37 million. Hammerson jumped 9.2% in February.

Grupo Sacresa, the Barcelona based developer, controlled by the family of Metrovacesa board member Roman Sanahuja Pons, is bidding for a 20% stake in Metrovacesa. The additional stake would take Sacresa's total holding up to 44%. Sacresa is offering €78.10 per share according to a regulatory filing. Sacresa plans to strengthen its role as the biggest shareholder in Metrovacesa, which is increasing its rental portfolio as Spanish house price growth slows following a seven-year surge. Metrovacesa ended February + 10.6%.

Immoeast Immobilien Anlagen the Vienna-based real estate developer plans to raise €3 billion to expand in Austria and Eastern Europe. The company plans to sell 333 million shares in a price range of €8-10 each. The company's shareholders are expected to approve the sale on 20 March. Developers active in Eastern Europe are benefiting from faster economic growth, which boosts demand for housing, commercial space and offices.

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Immoeast CEO, Karl Petrikovics, said in a statement, "Now it's time for the big players and the capital increase should help us to keep our lead ahead of international competitors and play a dominant role for many years."

North America

Over the Atlantic, US real estate stocks gained 2% in USD terms in February. US REITs completed 2005 with a strong result of + 12.4%. EPRA/NAREIT Canada (CAD) also hit a positive note in February, adding 90bps. To recap, Canada finished 2005 + 24.1% ahead. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 2% during the month. The index achieved + 13.2% in 2005. Volatility in North America is 14%, the highest of the three regions.

Country	Feb-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	2.0	8.9	157.1	20.8
United States (USD)	2.0	9.0	154.5	20.5
Canada (CAD)	0.9	3.6	140.1	19.1

Source: EPRA

Office and residential players performed well in February. Bedford Property jumped 16% in February on the back of the offer by LBA Realty to buy the company. The offer values Bedford Property at US\$435 million. Closely held LBA Realty will pay US\$27.21 a share for Bedford. Carramerica Realty impressed during the month (+ 14%) and Kilroy Realty moved up 11%.

Residential investor Town & Country Trust agreed to be acquired by Magazine Acquisition for US\$40.20 per share. The Magazine Acquisition is made up of Morgan Stanley, Onex Real Estate and Sawyer Realty Holdings. The bid is 19% more than their original bid made in December. In between that period, a bidding war evolved between Magazine Acquisition and Oriole. Oriole decided not to increase its last offer of US\$40.15. Not surprisingly, shares in Town & Country were up 9.9% in February.

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 42bps in February. Shares of Trizec Properties were up 4.2% in February.

Morgan Stanley's Prime Property Fund bought 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 received US\$ 37.75 a share in cash. The transaction was completed in February. AMLI was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 8 February.

Mills Corporation fell 4.6% during the month. The fall followed the comments of the board stated they may sell the company or take steps to increase the stock price. Mills shares have fallen almost 30% in the last 12 months amid two earnings restatements. The company stated that it was "open minded about strategic alternatives and intend to pursue that process aggressively".

Meristar Hospitality, the hotel REIT, announced that it had completed the sale of nine hotels (approximately 2,000 rooms) to the Blackstone Group for approximately US\$367 million. The hotels were all located in Florida. Meristar shares added 49bps in February.

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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 28 February, there were a total of 303 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 28-Feb	Div Yld (%) 28-Feb	Total Rtn (%) QTD	Total Rtn (%) Feb-06	Total Rtn (%) YTD	36 Mths Vity (%)
Global	EUR	2,401.72	3.55	7.87	4.15	7.87	11.06
Asia	EUR	1,739.04	3.20	4.98	2.68	4.98	14.13
Europe	EUR	2,920.00	2.46	13.13	7.30	13.13	10.01
North America	EUR	2,912.15	4.19	7.71	3.85	7.71	14.12
Global Ex-Asia	EUR	2,871.74	3.70	9.17	4.80	9.17	11.75
Global Ex-Europe	EUR	2,253.72	3.82	6.67	3.41	6.67	12.44
Global Ex-North America	EUR	2,201.82	2.91	8.05	4.45	8.05	10.57
Asia	EUR	1,739.04	3.20	4.98	2.68	4.98	14.13
Pure Asia	EUR	1,789.39	2.67	5.60	2.55	5.60	14.49
Japan	JPY	3,015.12	0.90	1.31	- 3.28	1.31	24.11
Australia	AUD	2,286.17	6.41	2.23	3.46	2.23	8.47
Pure Australia	AUD	2,313.55	0.90	2.93	3.43	2.93	9.19
Hong Kong	HKD	1,552.40	2.21	12.51	3.87	12.51	24.99
Singapore	SGD	1,305.75	2.99	14.20	4.23	14.20	18.10
New Zealand	NZD	1,217.36	5.78	-	-	-	-NA-
Europe	EUR	2,920.00	2.46	13.13	7.30	13.13	10.01
Europe Net Index	EUR	1,839.68	1.85	13.11	7.30	13.11	-NA-
Euro Zone	EUR	3,067.95	3.11	14.53	7.48	14.53	9.35
Euro Zone Net Index	EUR	1,863.93	2.33	14.48	7.48	14.48	-NA-
Europe Ex UK	EUR	3,203.17	2.86	14.24	7.68	14.24	9.07
Europe Ex UK Net Index	EUR	3,171.31	2.15	14.20	7.68	14.20	9.10
Europe Liquid 40	EUR	2,853.63	2.47	13.53	7.69	13.53	10.51
Europe Liquid 40 Net Index	EUR	2,815.50	1.85	13.50	7.69	13.50	-NA-
Europe Liquid 40 Ex UK	EUR	3,334.33	2.90	14.83	8.05	14.83	9.53
Europe Liquid 40 Ex UK Net Index	EUR	3,250.99	2.18	14.78	8.05	14.78	-NA-
UK	EUR	2,702.35	2.02	11.96	6.89	11.96	13.57
UK Net Index	EUR	1,788.08	1.52	11.96	6.89	11.96	-NA-
Netherlands	EUR	2,916.22	4.85	13.24	9.37	13.24	10.55
France	EUR	3,572.60	2.90	19.93	13.86	19.93	12.95
Spain	EUR	6,084.48	1.89	19.87	8.99	19.87	18.68
Sweden	EUR	4,032.06	2.88	12.57	9.58	12.57	18.27
Austria	EUR	1,665.66	0.17	4.91	1.18	4.91	4.43
Germany	EUR	1,377.04	2.60	20.69	- 1.78	20.69	21.60
Switzerland	EUR	1,719.03	0.44	7.44	5.65	7.44	10.09
Italy	EUR	3,882.41	1.79	12.35	1.46	12.35	14.38
Belgium	EUR	1,874.69	6.17	- 0.78	- 0.51	- 0.78	6.36
Denmark	EUR	710.46	0.88	12.64	1.47	12.64	59.83
Finland	EUR	3,967.62	4.21	18.33	7.93	18.33	17.20
Poland	EUR	1,345.10	-	55.25	31.71	55.25	-NA-
UK	GBP	2,972.98	2.02	10.93	6.51	10.93	14.04
UK Net Index	GBP	1,558.67	1.52	10.93	6.51	10.93	-NA-
Switzerland	CHF	1,684.20	0.44	8.08	6.21	8.08	9.90
Sweden	SEK	4,470.03	2.88	13.20	11.87	13.20	18.44
Denmark	DKK	713.47	0.88	12.68	1.44	12.68	59.83
Poland	PLN	1,571.43	-	52.60	30.05	52.60	-NA-
Nth America	USD	3,313.98	4.19	8.86	1.97	8.86	14.77
United States	USD	3,290.22	4.11	9.04	2.01	9.04	15.03
Canada	USD	3,952.43	5.34	6.36	1.35	6.36	13.62

Source: EPRA

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