



August 2006

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index performed well (+3.5%) for the third consecutive month in August. Subsequently, year to date the index remains ahead 12.5%. In August, the Global Equity market advanced 2.3% and Global Bonds added 150bps. All three real estate regions gained ground during the month. Europe added 90bps, North America pushed forward 3.7%, and Asia completed the positive picture (+4.8%). 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 14% annually, Global Equities advanced 2% in comparison, and Global Bonds added 4.7%. As a result, over the total five-year period, Global Real Estate returned 92%, Global Equities added 11%, and Global Bonds gained 26%.

Asset Classes (EUR)	Aug-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	3.5	12.5	92.2	14.0
Global Equities	2.3	1.8	10.7	2.0
Global Bonds	1.5	0.4	25.5	4.7
Europe Real Estate	0.9	21.6	155.1	20.6
N. America Real Estate	3.7	12.6	87.7	13.4
Asia Real Estate	4.8	6.9	74.3	11.8

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries was on the whole positive. Performance ranged from -30bps for EPRA/NAREIT New Zealand (NZD), to a very strong 10.3% for EPRA/NAREIT Singapore (SGD). EPRA/NAREIT Australia (AUD) gained 3.7%, EPRA/NAREIT Hong Kong (HKD) ended the month up 4.2% and EPRA/NAREIT Japan (JPY) moved forward an impressive 9.3%. Asia/Pacific 36 months rolling volatility is 15%.

Country	Aug-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	4.8	6.9	74.3	11.8
Australia (AUD)	3.7	12.8	102.8	15.2
Hong Kong (HKD)	4.2	22.2	106.8	15.6
Japan (JPY)	9.3	8.8	103.9	15.3
Singapore (SGD)	10.3	24.8	142.6	19.4
New Zealand (NZD)	-0.3	14.1	-NA-	-NA-

Source: EPRA

Japan headed Asia-Pacific and Global performers in August. Daikyo (+32%) topped the list, followed by Singapore based Wing Tai (28%). Three Japanese companies filled the third to fifth top slots: Sumitomo (21%), Diamond City (21%) and Goldcrest (18%). Hong Kong developer Great Eagle held up the Asia-Pacific region with a loss of 6%.

CapitaCommercial Trust said that assets in China and Malaysia will comprise 30 percent of its targeted US\$3.8 billion portfolio by 2009. David Tan, the trust's CEO said, "the trust will focus on buildings that have the highest rents in their markets to help sustain growth and will also enter markets where there are no property trusts, using its acquisitions as an avenue for landlords to divest their assets." CapitaCommercial is pursuing more acquisitions such as its joint SG\$2.2 billion purchase of Raffles City with CapitaMall Trust. CapitaCommercial raised its second quarter dividend 9.6% from the same period in 2005 to 1.77 Singapore cents. The trust was raised to 'outperform' by Macquarie research in August.

CapitalLand said it plans to buy more shopping malls in China this year as the company taps higher consumer spending in the world's most populous country. Pua Seck Guan, head of CapitalLand's retail division, said that there were enough malls on offer in China for the company to buy five a month. This situation is very different compared against Singapore

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were you can expect to buy two sites per year. The company plans to manage, or own, more than 100 malls in China with four million square metres of space by 2010.

Goldman Sachs expects Singapore to outpace Hong Kong as the largest property trust market in Asia, excluding Japan and Australia, in the next four years, boosted by its regulations and tax benefits. Goldman expects the REIT market to grow to over 100 trusts, with a market value of US\$60 billion by 2010. Singapore will forgo taxes for REIT payouts to individuals and cut taxes on dividends for overseas investors to boost the industry. Michael Smith, head of Asian real estate banking at Goldman said, "Singapore has the most liberal tax environment in the world and there is nowhere else in the world where you can invest in a REIT as an individual and not pay tax."

In Australia, Challenger Diversified Property Group announced that it plans to list on the ASX. It is the diversified financial services group's first foray into listed property management, although it runs a listed wine trust that owns vineyard assets, and an infrastructure fund. Sources said Challenger would offer 327 million AU\$1 units in the free-float component and would subscribe for an additional 208 million units, with the trust to have an estimated market value of AU\$536 million. If the trust goes ahead, the scheduled listing date is October 23.

Europe

In August, the EPRA/NAREIT Europe Index continued to move in the right direction (+90bps) on the back of a very strong month in July. Major countries in Europe were mixed. EPRA/NAREIT UK (GBP) lost 40bps, EPRA/NAREIT Netherlands fell back 10bps and EPRA/NAREIT Sweden (-3.3%) undid the good work of the previous month. On a positive note, EPRA/NAREIT France continued its bullish run, 4.4% up. Broad European volatility stands at approximately 10%, the lowest of the three regions.

Country	Aug-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	0.9	21.6	155.1	20.6
UK (GBP)	-0.4	19.3	148.8	20.0
Netherlands (EUR)	-0.1	18.5	163.6	21.4
France (EUR)	4.4	32.3	241.8	27.9
Sweden (SEK)	-3.3	4.9	204.5	24.9

Source: EPRA

Heading the European performers in August was Primary Health. The UK healthcare player jumped 14% in August. In France, retail specialist Klepierre jumped 11%. Derwent Valley added 7%, and Lamda Development (Greece) and Warner Estates both advanced 6%. Propping up the European movers was Keeps with a fall of 17%.

Spain continues to feature heavily in the European headlines in August. Grupo Inmocaral is offering €3.76 billion in cash for competitor Inmobiliaria Colonial. The bid equates to €62.75 per share. La Caxia, Colonial's largest shareholder said it would back the deal and tender its 39.4% stake in the company. Colonial closed the month at €62.75, or neutral for the month.

Sacresa increased its partial bid for Metrovacesa to €90 per share. CEO Rivero maintains his offer of €80 per share. The Spanish regulator will rule on the Sacresa offer in September. Metrovacesa ended August up 3.3%. Gecina, the French unit of Metrovacesa plans to sell a minority stake in its residential assets later this year through an IPO. The company plans to transfer properties into the French equivalent of a REIT structure (SIIC). Gecina plans to maintain control following the offer. Gecina was up 69bps in August.

Construcciones Reyal, a closely-held Spanish builder, made a €3.3 billion, or €26 per share, takeover bid for Inmobiliaria Urbis, the Spanish real estate developer. Santander Central Hispano who holds 50.3% of the company agreed to tender its shares, potentially achieving a €1.2 billion gain. Urbis is not a member of the FTSE EPRA/NAREIT Global Real Estate Index. Urbis finished August at €25.75, or 25 cents short of the offer price.

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Fonciere des Regions and Bail Investissement, two French real estate companies agreed to merge to create France's fourth largest real estate company. The merged company will have a market value of €3 billion. Bail Investissement shareholders will receive one new Fonciere des Regions share for every two shares held. Fonciere des Regions will pay its shareholders an extraordinary dividend of €2 per share. Fonciere des Regions fell 1.7% and Bail Investissement dropped 3.2% in August. Fonciere des Regions is currently a constituent of the FTSE EPRA/NAREIT Global Real Estate Index; Bail Investissement is not.

ProLogis European Properties (PEPR), an externally managed real estate fund announced on 28 August that it plans to list on Euronext. The fund owns 281 distribution properties in 11 countries in Europe. Robert Watson will be the CEO of PEPR once the IPO is complete. As at 30 June 2006 the total value of the portfolio was €4.2 billion.

Keeping on the industrial track, Kenmore European Industrial Fund plans to list in London in September. The fund invests in France, the Benelux, Germany, Italy, Spain, Portugal and Scandinavia. The fund plans to raise €207 million from the IPO. The newly listed fund will not meet the 'fast track' rule of the FTSE EPRA/NAREIT Global Real Estate Index.

To recap, the schedule for the German REIT structure (G-REIT) was set in July. Currently the schedule looks like the following:

- 20 Sept German cabinet to pass the draft bill for the G-REIT
- 19 Oct First reading in the German Parliament
- 29 Nov Consultations on G-REITs by the Finance Committee
- 15 Dec Ratification of the law by the Bundesrat
- 1 Jan 2007 REIT act effective

The basic details of the G-REIT were published by a number of sources in August based on a ministerial draft compiled by the Federal Department of Finance for a REIT act. According to the draft:

- 90% of profits will be distributed
- 75% of assets must be held in real estate
- 75% of revenues must be derived from real estate
- Maximum 60% of outside capital
- 10% direct shareholder limit

To tidy up the corporate actions in Europe for the month, Acanthe Development (France) paid a special dividend to shareholders of €0.15 on 1 August and Global Trade Centre (Poland) exercised a 10 for 1 stock split on 9 August.

North America

Over the Atlantic, US real estate stocks gained 4% in USD terms in August. EPRA/NAREIT Canada (CAD) also hit a positive during the month, adding 3.3%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 4.1% during the month. 36 months rolling volatility in North America is the highest of the three regions, currently standing at 16%.

Country	Aug-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	4.1	22.2	153.4	20.4
United States (USD)	4.0	22.5	151.3	20.2
Canada (CAD)	3.3	11.5	120.8	17.2

Source: EPRA

Canadian industrial owner Summit REIT (+17.5%) topped North America performers list in August. ING Real Estate announced it would bid for Summit REIT, the largest owner of industrial real estate in Canada, on 31 August. The REIT owns more than 300 properties totalling around 33 million square metres. The C\$30 per share bid values Summit REIT at C\$2.2 billion, or €1.5 billion. Entertainment Properties was not too far behind (+17%) after

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the trust recorded record 2nd quarter results at the end of July. Glenborough, Corrections Corp and Equity One all fell in the 15-16% range to complete the top five gainers. At the bottom end, troubled Mills Corporation lost 22%

Kimco Realty, the largest owner of US community shopping centres, agreed to buy Pan Pacific Retail Properties for US\$2.9 billion. The deal means Kimco can expand on the west coast of the US. New York based Kimco will pay US\$70 per share for San-Diego based Pan-Pacific. Kimco moved up 6% and Pan-Pacific added 1% in August.

Centro Watt, a joint venture between Centro Properties of Australia and Watt Commercial Properties of the United States, announced in August that it has entered into an agreement to purchase Heritage Property Investment Trust for US\$36.15 per share in cash. Heritage has retail assets valued at over US\$3 billion. The shopping centres are located in 27 states. The deal will result in Centro Watt owning 255 neighbourhood and community shopping centres in 32 states, making it the ninth largest retail property owner/manager in the United States. Heritage was up 75bps in August.

Morguard Corp and Revenue Properties Ltd and will acquire Sizeler Property Investors for \$324 million, or \$15.10 per share. A definitive agreement was signed on 17 August. Morguard Corp and Sizeler returned +5% and -7% respectively in August.

Public Storage, the US' largest operator of self-storage facilities, completed its \$3 billion purchase of Shurgard Storage Centers in August. The takeover was the largest in the sector ever. Shurgard shareholders received \$65.16 per share in stock. Public Storage CEO, Ronald Havner said, 'the transaction creates the largest self-storage company in the world.' Shurgard was deleted from the FTSE EPRA/NAREIT Global Real Estate Index as at 23 August. Public Storage increased its shares to 167 million.

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Tuesday 5th September. The reviews take the form of three separate regional committee meetings.

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 August, there were a total of 319 stocks in the index.

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

Index Description	Curr	Close Value 31-Aug	Div Yld (%) 31-Aug	Total Rtn (%) QTD	Total Rtn (%) Aug-06	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	2,504.59	3.37	7.38	3.46	12.49	11.98
Asia	EUR	1,771.27	3.15	7.11	4.77	6.92	13.60
Europe	EUR	3,137.83	2.42	7.39	0.95	21.57	10.32
North America	EUR	3,043.87	3.95	7.55	3.75	12.58	15.20
Global Ex-Asia	EUR	3,025.05	3.48	7.50	2.87	14.99	12.88
Global Ex-Europe	EUR	2,332.91	3.63	7.38	4.15	10.42	13.29
Global Ex-North America	EUR	2,291.12	2.85	7.22	3.20	12.43	10.70
Asia	EUR	1,771.27	3.15	7.11	4.77	6.92	13.60
Pure Asia	EUR	1,824.59	2.65	6.61	5.18	7.68	14.13
Japan	JPY	3,237.61	1.01	7.42	9.27	8.79	23.69
Australia	AUD	2,521.97	5.93	6.20	3.71	12.78	8.52
Pure Australia	AUD	2,627.79	1.01	5.31	4.36	16.91	9.07
Hong Kong	HKD	1,686.33	2.25	8.05	4.21	22.22	20.99
Singapore	SGD	1,426.63	3.01	8.56	10.30	24.77	17.02
New Zealand	NZD	1,389.05	5.93	2.03	- 0.27	14.10	-NA-
Europe	EUR	3,137.83	2.42	7.39	0.95	21.57	10.32
Europe Net Index	EUR	1,970.76	1.82	7.35	0.93	21.17	-NA-
Euro Zone	EUR	3,318.70	2.79	6.73	1.60	23.89	10.55
Euro Zone Net Index	EUR	2,004.99	2.09	6.66	1.56	23.14	-NA-
Europe Ex UK	EUR	3,399.74	2.78	5.50	0.78	21.25	10.52
Europe Ex UK Net Index	EUR	3,345.68	2.09	5.43	0.75	20.48	10.60
Europe Liquid 40	EUR	3,098.92	2.36	8.58	1.35	23.28	10.94
Europe Liquid 40 Net Index	EUR	3,048.75	1.77	8.55	1.34	22.90	-NA-
Europe Liquid 40 Ex UK	EUR	3,577.61	2.79	6.71	1.49	23.21	11.03
Europe Liquid 40 Ex UK Net Index	EUR	3,467.60	2.09	6.65	1.47	22.43	-NA-
UK	EUR	2,940.51	2.02	9.51	1.13	21.83	12.55
UK Net Index	EUR	1,945.58	1.52	9.50	1.12	21.82	-NA-
Netherlands	EUR	3,051.08	4.84	7.36	- 0.05	18.47	11.87
France	EUR	3,939.65	2.59	11.30	4.43	32.25	14.98
Austria	EUR	1,740.95	0.11	5.48	1.20	9.65	4.86
Spain	EUR	7,209.96	1.67	3.09	1.89	42.04	17.58
Sweden	EUR	3,811.28	4.20	- 1.09	- 3.77	6.40	20.88
Germany	EUR	1,498.43	2.24	2.94	0.04	31.33	18.76
Switzerland	EUR	1,783.97	1.52	0.78	- 0.78	11.50	10.64
Belgium	EUR	2,028.91	5.76	5.38	0.17	7.38	7.36
Italy	EUR	3,965.67	2.47	0.87	0.81	14.76	16.19
Denmark	EUR	583.26	0.84	- 9.73	- 10.61	- 7.53	52.18
Finland	EUR	4,103.22	4.22	5.66	0.05	22.38	18.85
Poland	EUR	1,315.96	-	5.17	- 7.41	51.89	-NA-
UK	GBP	3,197.59	2.02	6.59	- 0.44	19.31	12.92
UK Net Index	GBP	1,676.48	1.52	6.59	- 0.44	19.32	-NA-
Switzerland	CHF	1,764.14	1.52	1.55	- 0.34	13.21	10.75
Sweden	SEK	4,144.02	4.20	- 0.58	- 3.30	4.95	21.25
Denmark	DKK	585.57	0.84	- 9.73	- 10.63	- 7.52	52.20
Poland	PLN	1,607.14	-	1.89	- 7.22	56.07	-NA-
Nth America	USD	3,718.90	3.95	7.67	4.07	22.17	15.22
United States	USD	3,695.92	3.86	7.68	3.98	22.48	15.50
Canada	USD	4,362.42	5.10	7.45	5.18	17.40	13.74

Source: EPRA

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