



September 2006

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index performed well (+3.3%) for the fourth consecutive month in September. Year to date the index is well ahead 16.2%. In September, the Global Equity market advanced 2.3% and Global Bonds added 50bps. All three real estate regions gained ground during the month. Europe led the group (+5.1%), North America pushed forward 3.2%, and Asia completed the positive picture (+2.4%). 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 17.1% annually, Global Equities advanced 4.5% in comparison, and Global Bonds added 4.6%. As a result, over the total five-year period, Global Real Estate returned 121%, Global Equities and Global Bonds both gained 25%.

Asset Classes (EUR)	Sep-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	3.3	16.2	120.5	17.1
Global Equities	2.3	4.2	24.9	4.5
Global Bonds	0.5	0.9	25.3	4.6
Europe Real Estate	5.1	27.7	193.3	24.0
N. America Real Estate	3.2	16.2	108.7	15.8
Asia Real Estate	2.4	9.5	110.2	16.0

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 -1% for EPRA/NAREIT New Zealand (NZD), to a very strong 7.8% for EPRA/NAREIT Singapore (SGD). EPRA/NAREIT Australia (AUD) gained 3.8%, EPRA/NAREIT Hong Kong (HKD) ended the month up 10bps and EPRA/NAREIT Japan (JPY) moved forward 2.1%. Asia/Pacific 36 months rolling volatility is 15%.

Country	Sep-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	2.4	9.5	110.2	16.0
Australia (AUD)	3.8	17.1	110.9	16.1
Hong Kong (HKD)	0.1	22.4	160.3	21.1
Japan (JPY)	2.1	11.1	123.2	17.4
Singapore (SGD)	7.8	34.5	235.4	27.4
New Zealand (NZD)	-1.0	12.9	-NA-	-NA-

Source: EPRA

Singapore headed Asia-Pacific performers in September. CapitaCommercial Trust (+19%) topped the list, followed by Suntec REIT (+14%). Two Hong Kong companies filled the third and fourth slots: China Overseas Land (+13%), China Resources (+12%). Singapore Land (+12%) completed the top five in the region. Hong Kong developer Hopson Development held up the Asia-Pacific region with a loss of 8%.

Shui On Land enters the FTSE EPRA/NAREIT Global Real Estate Index on 5 October under the "fast track" rule. The company builds apartments and offices in China, is owned by Hong Kong billionaire Vincent Lo. Bankers involved in the sale said the IPO raised approximately US\$800 million, or around 15 times the stock on offer. Demand for apartments and offices in China is increasing under the climate of strong economic growth and Shui On Land is betting on government efforts to cool the property market with curbs on land supply, increased taxes and restrictions on foreign investment not dampening investment.

Nippon Commercial REIT debuted in Tokyo on 26 September.

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Singapore based CapitaLand said it planned to delist its Raffles Holdings unit because the latter hasn't any core business. CapitaLand, which owns 59% of Raffles Holdings, said it will offer minority shareholders an exit price of six Singapore cents a share. According to CapitaLand, the exit offer price of S\$0.06 for every Raffles Holdings share represents a premium of 37% over the company's unaudited net tangible asset a share as at Sept. 30, 2006, after adjusting for the capital distribution and special dividend. CapitaLand was up 6% in September.

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.

The results of the 3rd quarter review became effective 18 September. Additions in the FTSE EPRA/NAREIT Asia-Pacific region were:

- Agile Property Holdings (Hong Kong)
- GZI REIT (Hong Kong)
- Prosperity REIT (Hong Kong)
- Nomura Real Estate Office Fund (Japan)

Europe

In September, the EPRA/NAREIT Europe Index continued to move in the right direction (+5.1%) after a fairly quiet month in August. Major countries in Europe were ahead. EPRA/NAREIT UK (GBP) gained 4.4%, EPRA/NAREIT Netherlands jumped 8%, EPRA France continued its excellent run (+8.7%) and EPRA/NAREIT Sweden bounced back strongly (+11%) following a downturn last month. Broad European volatility stands at approximately 10%, the lowest of the three regions.

Country	Sep-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	5.1	27.7	193.3	24.0
UK (GBP)	4.4	24.5	188.3	23.6
Netherlands (EUR)	8.0	28.0	197.2	24.3
France (EUR)	8.7	43.7	308.9	32.5
Sweden (SEK)	11.1	16.6	278.5	30.5

Source: EPRA

Heading the Global and European performers in September was Grainger Trust. The UK residential player jumped 27% in September. Grainger Trust announced that it had been approached by a possible bidder. In an RNS statement, the company said, "Grainger has received a preliminary approach from a party expressing an interest in formulating an offer for the company." The Times newspaper reported that the bid came from the Regis Group, a closely held property company based in Southend and speculated that the approach may spark further bids from other potential buyers.

Town Centre Securities ended the month 24% up. Staying in the UK, Capital & Regional jumped 19% after announcing that earnings more than doubled in the first half on the back of raising rents and valuations of its properties. Scandinavian companies filled the other two places in the top five – Kungsleden (Sweden) up 19% and TK Developments (Denmark) just behind at +18%. At the bottom, Denmark propped up the Global and European performers list with Nordicom off 13%. Nordicom's free float weighting was reduced from 100% to 50% with effect from 18 September as part of the 3rd quarter review process of the FTSE EPRA/NAREIT Global Real Estate Index.

Bids for Metrovacesa and Inmobiliaria Colonial were completed in second half of September. In both cases, the partial bids reduced the free float of the companies below the required

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minimum for inclusion in the FTSE EPRA NAREIT Global Real Estate Index. Metrovacesa was deleted from the FTSE EPRA/NAREIT Global Real Estate Index with effect from 21 September and Inmobiliaria Colonial was deleted effective 29 September. The deletion of both constituents results in the EPRA/NAREIT Spain Index no longer containing any representation. Metrovacesa was 29% ahead and Inmobiliaria Colonial reversed 2.6% for the month.

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. Reyal said that the Spanish Government does not oppose the Urbis bid. Urbis is not a member of the FTSE EPRA/NAREIT Global Real Estate Index. Urbis finished September at €25.86, or 14 cents short of the offer price.

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 jumped 12% and Bail Investissement leapt 14% in September. 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 listed on Euronext on 27 September. The fund owns 281 distribution properties in 11 countries in Europe. As at 30 June 2006 the total value of the portfolio was €4.2 billion. The company entered the FTSE EPRA/NAREIT Global Real Estate Index under the 'fast track' rule as at 28 September. PEPR moved up 2.4% from the offer price.

Keeping on the industrial track, Kenmore European Industrial Fund listed in London on 25 September. The fund invests in France, the Benelux, Germany, Italy, Spain, Portugal and Scandinavia. The fund raised £140 million from the IPO. The newly listed fund did not meet the 'fast track' rule of the FTSE EPRA/NAREIT Global Real Estate Index and will be reviewed under the normal review universe going forward.

The results of the 3rd quarter review became effective 18 September. Additions in the FTSE EPRA/NAREIT Europe region were:

- Westbury Property Fund (UK)

To tidy up the corporate actions in Europe for the month, Zueblin Immobilien (Switzerland) paid a special dividend to shareholders of CHF0.50 on 21 September and Deutsche Wohnen (Germany) exercised a 5 for 1 stock split on 25 September.

North America

Over the Atlantic, US real estate stocks gained 2% in USD terms in September. EPRA/NAREIT Canada (CAD) also hit a positive during the month, adding 4.2%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 2.1% during the month. 36 months rolling volatility in North America is the highest of the three regions, currently standing at 16%.

Country	Sep-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	2.1	24.8	178.6	22.7
United States (USD)	2.0	24.9	176.4	22.6
Canada (CAD)	4.2	16.2	137.2	18.9

Source: EPRA

Windrose Medical Properties jumped 17% in September. Health Care REIT (HCN) and Windrose signed a definitive merger agreement in which HCN will acquire Windrose

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for approximately \$877 million, including the assumption of Windrose outstanding debt, which totaled approximately \$426 million as of June 30, 2006. The combined company would own more than 550 properties in 37 states. The transaction is expected to be complete by the end of the year and is subject to approval by Windrose shareholders. Under the terms of the agreement, each outstanding share of Windrose will be exchanged for 0.4509 shares of Health Care REIT common stock. Health Care REIT was +18 bps for the month.

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. The deal is expected to be completed early November. Kimco moved up 3.2% and Pan-Pacific was down 57bps in September.

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 will be deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 6 October.

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 +8% and 27bps respectively in September.

ING Real Estate Canada Trust has formally commenced its offer for light industrial owner Summit REIT for C\$30 per share. Summit 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. Summit was +10bps in September.

Staying in Canada, retail focused RioCan REIT, has received queries from US REITs about being taken over, reported the National Post, citing CEO Ed Sonshine. RioCan has a market value of C\$4.7 billion. RioCan ended the month 4.9% ahead.

To complete the corporate actions picture for the month, Corrections Corporation of America had a 3 for 2 stock-split on 14 September.

The results of the 3rd quarter review became effective 18 September. Additions in the FTSE EPRA/NAREIT Asia-Pacific region were:

- Associated Estates Realty (US)
- Hersha Hospitality Trust (US)
- Orient Express Hotels (US)
- Republic Property Trust (US)

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Wednesday 6th December. 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 29 September, there were a total of 328 stocks in the index.



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

Index Description	Curr	Close Value 29-Sep	Div Yld (%) 29-Sep	Total Rtn (%) QTD	Total Rtn (%) Sep-06	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	2,587.85	3.32	3.32	3.32	16.23	11.85
Asia	EUR	1,813.84	3.10	2.40	2.40	9.49	13.57
Europe	EUR	3,297.04	2.31	5.07	5.07	27.74	10.29
North America	EUR	3,140.92	3.89	3.19	3.19	16.17	15.01
Global Ex-Asia	EUR	3,138.30	3.42	3.74	3.74	19.30	12.71
Global Ex-Europe	EUR	2,400.11	3.58	2.88	2.88	13.60	13.15
Global Ex-North America	EUR	2,370.21	2.79	3.45	3.45	16.31	10.66
Asia	EUR	1,813.84	3.10	2.40	2.40	9.49	13.57
Pure Asia	EUR	1,868.72	2.64	2.42	2.42	10.28	14.10
Japan	JPY	3,305.59	1.07	2.10	2.10	11.07	23.68
Australia	AUD	2,618.36	5.77	3.82	3.82	17.09	8.18
Pure Australia	AUD	2,731.91	1.07	3.96	3.96	21.55	8.73
Hong Kong	HKD	1,688.26	2.35	0.11	0.11	22.36	20.25
Singapore	SGD	1,537.44	2.77	7.77	7.77	34.46	17.12
New Zealand	NZD	1,375.00	5.99	- 1.01	- 1.01	12.95	-NA-
Europe	EUR	3,297.04	2.31	5.07	5.07	27.74	10.29
Europe Net Index	EUR	2,070.70	1.73	5.07	5.07	27.32	-NA-
Euro Zone	EUR	3,538.65	2.71	6.63	6.63	32.10	10.74
Euro Zone Net Index	EUR	2,137.75	2.03	6.62	6.62	31.30	-NA-
Europe Ex UK	EUR	3,621.82	2.68	6.53	6.53	29.17	10.73
Europe Ex UK Net Index	EUR	3,564.05	2.01	6.53	6.53	28.35	10.82
Europe Liquid 40	EUR	3,256.73	2.28	5.09	5.09	29.56	10.88
Europe Liquid 40 Net Index	EUR	3,204.02	1.71	5.09	5.09	29.16	-NA-
Europe Liquid 40 Ex UK	EUR	3,844.52	2.72	7.46	7.46	32.40	11.33
Europe Liquid 40 Ex UK Net Index	EUR	3,726.31	2.04	7.46	7.46	31.57	-NA-
UK	EUR	3,045.82	1.93	3.58	3.58	26.19	12.35
UK Net Index	EUR	2,015.26	1.45	3.58	3.58	26.18	-NA-
Netherlands	EUR	3,295.29	4.25	8.00	8.00	27.96	12.31
France	EUR	4,280.58	2.41	8.65	8.65	43.70	15.31
Austria	EUR	1,804.89	0.10	3.67	3.67	13.68	5.02
Sweden	EUR	4,224.26	3.79	10.84	10.84	17.93	21.38
Germany	EUR	1,591.37	2.09	6.20	6.20	39.47	18.48
Switzerland	EUR	1,785.11	1.49	0.06	0.06	11.57	10.63
Belgium	EUR	2,175.42	5.37	7.22	7.22	15.14	8.08
Italy	EUR	4,198.68	2.33	5.88	5.88	21.50	16.12
Denmark	EUR	578.32	0.64	- 0.85	- 0.85	8.31	51.99
Finland	EUR	4,337.80	3.98	5.72	5.72	29.37	18.84
Poland	EUR	1,453.37	-	10.44	10.44	67.75	-NA-
UK	GBP	3,337.77	1.93	4.38	4.38	24.54	12.86
UK Net Index	GBP	1,749.96	1.45	4.38	4.38	24.55	-NA-
Switzerland	CHF	1,776.69	1.49	0.71	0.71	14.02	10.72
Sweden	SEK	4,605.32	3.79	11.13	11.13	16.63	21.75
Denmark	DKK	580.44	0.64	- 0.88	- 0.88	8.33	52.00
Poland	PLN	1,785.71	-	11.11	11.11	73.41	-NA-
Nth America	USD	3,797.64	3.89	2.12	2.12	24.75	15.20
United States	USD	3,769.86	3.81	2.00	2.00	24.93	15.48
Canada	USD	4,519.82	4.94	3.61	3.61	21.63	13.75

Source: EPRA

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