



October 2006

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index performed strongly (+4.9%) for the fifth consecutive month in October. Year to date the index is well ahead 21.9%. In October, the Global Equity market advanced 3% and Global Bonds added 30bps. All three real estate regions gained ground during the month. North America led the group (+5.3%), Europe pushed forward 4.3%, and Asia completed the positive picture (+4.2%). 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 18.1% annually, Global Equities advanced 4.4% in comparison, and Global Bonds added 4.2%. As a result, over the total five-year period, Global Real Estate returned 129%, Global Equities gained 24% and Global Bonds both advanced 23%.

Asset Classes (EUR)	Oct-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	4.9	21.9	129.3	18.1
Global Equities	3.0	7.3	24.2	4.4
Global Bonds	0.3	1.2	22.9	4.2
Europe Real Estate	4.9	34.1	200.9	24.7
N. America Real Estate	5.3	22.3	118.3	16.9
Asia Real Estate	4.2	14.1	111.2	16.1

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 7.1% for EPRA/NAREIT Japan (JPY). EPRA/NAREIT Singapore (SGD) added 5.2%, EPRA/NAREIT Australia (AUD) gained 90bps and EPRA/NAREIT Hong Kong (HKD) ended the month up 60bps. Asia/Pacific 36 months rolling volatility is 15%.

Country	Oct-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	4.2	14.1	111.2	16.1
Australia (AUD)	0.9	18.1	112.3	16.3
Hong Kong (HKD)	0.6	23.2	148.6	20.0
Japan (JPY)	7.1	19.0	144.2	19.5
Singapore (SGD)	5.2	41.5	204.2	24.9
New Zealand (NZD)	-0.8	12.1	-NA-	-NA-

Source: EPRA

Hong Kong headed Asia-Pacific performers in October. China Resources Land (+19%) topped the list, followed by China Overseas Land (+18%). New World China jumped 17%. Two Japanese companies filled the fourth and fifth slots: Daibiru Corp (+14%) and Sumitomo Realty & Development (+12%). Hong Kong developer Great Eagle held up the Asia-Pacific region with a loss of 10%.

Shui On Land entered the FTSE EPRA/NAREIT Global Real Estate Index on 5 October under the "fast track" rule. The company builds apartments and offices in China. 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. Shui On Land added 12% in its first month of trading.

Staying in Hong Kong, Wheelock and Wharf Holdings plan to list Diamond REIT it was reported during the month. The Diamond REIT aims to raise HK\$5 billion and will comprise of six properties valued at approximately HK\$10 billion. UBS will arrange the sale of the

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REIT. Kerry Holdings sold 50 million shares of Kerry Properties representing approximately 4% of the existing share capital. Kerry Holdings sold shares at HK\$28 per share, raising a total of HK\$1.4 billion. Sources say that the placement was fully subscribed. Kerry Holdings retains a 57.3% stake after the sale. Kerry Properties added 70bps during the month.

In Australia, Challenger Diversified Property Group listed on ASX on 23 October. 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. Challenger offered 327 million AU\$1 units in an offer that was twice over subscribed. Interestingly, offshore investors accounted for around 30% of the units. The trust did not meet the 'fast track' rule of the FTSE EPRA/NAREIT Global Real Estate Index.

CapitalLand announced in October that it has set up a private trust, CapitaRetail China Trust (CRCT) and has received a conditional eligibility to list in Singapore. The trust will be the first pure-play China retail REIT in Singapore, when listed. The initial portfolio will consist of seven retail malls which are strategically located in five cities across China. The portfolio is valued at SG\$690 million.

Nomura Real Estate Capital Management estimate that assets under management of J-REITs has pieced the JPY 5 trillion mark (approx €33 billion). Since the J-REIT structure was introduced in 2001 there has been 39 IPOs. The office sector accounts for around 50% of the market, followed by retail (28%), residential (17%), hotels (3%) and logistics (1%).

Great Eagle paid a special dividend of HKD 5 per share on 10 October.

Europe

In October, the EPRA/NAREIT Europe Index continued to move in the right direction (+4.9%) after a strong month in September (+5.1%). All major countries in Europe were ahead. EPRA/NAREIT UK (GBP) gained 6%, EPRA/NAREIT Netherlands pushed up 1.6%, EPRA France continued its excellent run (+3.8%) and EPRA/NAREIT Sweden continued its rebound (+5.3%) following poor results in August. Broad European volatility stands at approximately 10%, the lowest of the three regions.

Country	Oct-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	4.9	34.1	200.9	24.7
UK (GBP)	6.0	32.0	203.0	24.8
Netherlands (EUR)	1.6	30.0	198.0	24.4
France (EUR)	3.8	49.2	306.0	32.3
Sweden (SEK)	5.3	22.8	265.6	29.6

Source: EPRA

Heading the European performers in October was Keops. The Danish player rebounded 29% in October after a poor month in September. Icade (France) added 18%, followed by London Merchant (+17%), Minerva (+16%) and Lamba Development (+14%). At the bottom, the UK propped up the European performers list with Town Centre Securities pulling back 9% after a jump of 24% in September.

Gagfah AG listed in Germany on 19 October. The company entered the FTSE EPRA/NAREIT Global Real Estate Index as at 20 October under the 'fast track' rule. Free float is 20%. The ended the month 20% higher compared against its IPO price.

Construcciones Reyel, 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. Reyel 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 October at €25.87, or 13 cents short of the offer price.

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Great Portland Estates announced that it was in preliminary discussions with London Merchant Securities. The statement said that any "merger transaction" would be through an all-share offer. Great Portland was down 70bps for the month. London Merchant was second best performer in the region, as stated earlier (+17%).

Fonciere des Regions and Bail Investissement, two French real estate companies completed their merger to create France's fourth largest real estate company. The merged company has a market value of €3 billion. Bail Investissement shareholders received one new Fonciere des Regions share for every two shares held. Fonciere des Regions paid shareholders an extraordinary dividend of €2 per share. Fonciere des Regions issued new shares and its free float weighting in the index changes to 50% effective 2 November. Fonciere des Regions jumped 6%.

North America

Over the Atlantic, US real estate stocks gained 6.1% in USD terms in October. EPRA/NAREIT Canada (CAD) also hit a positive during the month, adding 3.6%. At an aggregate level, the EPRA/NAREIT North America Index (USD) was up 6.1% during the month. 36 months rolling volatility in North America is the highest of the three regions, currently standing at 16%.

Country	Oct-06 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	6.1	32.3	209.7	25.4
United States (USD)	6.3	32.8	207.1	25.2
Canada (CAD)	3.6	20.3	163.1	21.3

Source: EPRA

Heading the Global and North American performers was Trustreet Properties (+36%). GE agreed to buy the Trustreet for US\$1.15 billion. The portfolio consists of 2,000 casual dining and fast-food restaurants including Applebee's, Burger King and Pizza Hut. GE will pay US\$ 17.05 per share. The total deal is valued around the US\$3 billion mark, including debt. Closing price on 31 October was US\$16.97; eight cents shy of the offer price.

Completing the movers and shakers in the region, Alexander's Inc added 18%, and National Health, Affordable Residential and Omega Healthcare all chalked up 13% in October. On the flip-side, Legacy Hotels of Canada held up the North America list (-4.5%).

Douglas Emmett entered the FTSE EPRA/NAREIT Global Real Estate Index on 26 October under the 'fast track' rule. The stock has a free float weighting of 50%. The company jumped 13.5% at the end of its first week of trading.

Global Signal and Crown Castle International announced a definitive merger agreement in October. Each Global Signal share can be exchanged for either 1.61 Crown Castle share or US\$55.95 in cash. The deal values Global Signal at US\$3.9 billion. The deal doubles the number of wireless towers owned by Crown Castle to 23,500. Global Signal ended October 7.4% higher.

Health Care REIT (HCN) and Windrose signed a definitive merger agreement in which HCN will acquire Windrose 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 completed by the end of the year and is subject to approval by Windrose shareholders (special meeting on 14 December). Under the terms of the agreement, each outstanding share of Windrose will be exchanged for 0.4509 shares of Health Care REIT common stock. Windrose Medical Properties gained 4.3% in October and Health Care REIT was +3.2% for the month.

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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. The Sizeler portfolio consists of 30 retail and apartment properties. Three separate advisory groups have recommended that shareholders accept the Morguard and Revenue Properties offer. Sizeler has scheduled a special shareholder meeting for 8 November. Morguard Corp was neutral and Sizeler returned +1.1% in October.

Kimco Realty, the largest owner of US community shopping centres, completed its purchase of 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 paid US\$70 per share for San-Diego based Pan-Pacific. Pan-Pacific Retail was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 1 November. Kimco moved up 3.2%.

Centro Watt, a joint venture between Centro Properties of Australia and Watt Commercial Properties of the United States, wrapped up its purchase of Heritage Property Investment Trust for US\$36.15 per share in cash. Heritage had retail assets valued at over US\$3 billion located in 27 states. The deal resulted 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 deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 6 October.

ING Real Estate Canada Trust completed its offer for light industrial owner Summit REIT for C\$30 per share. Summit REIT owned more than 300 properties totalling around 33 million square metres. The C\$30 per share bid valued Summit REIT at C\$2.2 billion, or €1.5 billion. Summit was deleted from the FTSE EPRA/NAREIT Global Real Estate Index as at 17 October.

To complete the corporate actions round up for October, Digital Realty Trust changed free float weighting from 100% to 50%.

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 31 October, there were a total of 328 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-Oct	Div		Total		36 Mths Vlty (%)
			Yld (%) 31-Oct	Rtn (%) QTD	Total Rtn (%) Oct-06	Total Rtn (%) YTD	
Global	EUR	2,714.09	3.17	4.88	4.88	21.90	11.95
Asia	EUR	1,890.39	3.04	4.22	4.22	14.11	13.49
Europe	EUR	3,459.89	2.22	4.94	4.94	34.05	10.34
North America	EUR	3,306.89	3.67	5.28	5.28	22.31	15.14
Global Ex-Asia	EUR	3,301.03	3.23	5.19	5.19	25.48	12.84
Global Ex-Europe	EUR	2,516.70	3.42	4.86	4.86	19.12	13.24
Global Ex-North America	EUR	2,477.04	2.72	4.51	4.51	21.55	10.63
Asia	EUR	1,890.39	3.04	4.22	4.22	14.11	13.49
Pure Asia	EUR	1,953.79	2.57	4.55	4.55	15.30	14.05
Japan	JPY	3,541.32	1.00	7.13	7.13	18.99	23.80
Australia	AUD	2,641.96	5.73	0.90	0.90	18.14	8.19
Pure Australia	AUD	2,789.12	1.00	2.09	2.09	24.09	8.73
Hong Kong	HKD	1,699.20	2.31	0.65	0.65	23.15	20.26
Singapore	SGD	1,618.05	2.79	5.24	5.24	41.51	16.69
New Zealand	NZD	1,364.50	6.05	- 0.76	- 0.76	12.09	-NA-
Europe	EUR	3,459.89	2.22	4.94	4.94	34.05	10.34
Europe Net Index	EUR	2,172.33	1.67	4.91	4.91	33.57	-NA-
Euro Zone	EUR	3,609.27	2.65	2.00	2.00	34.73	10.74
Euro Zone Net Index	EUR	2,178.83	1.99	1.92	1.92	33.82	-NA-
Europe Ex UK	EUR	3,714.07	2.61	2.55	2.55	32.46	10.73
Europe Ex UK Net Index	EUR	3,652.64	1.96	2.49	2.49	31.54	10.82
Europe Liquid 40	EUR	3,425.39	2.19	5.18	5.18	36.27	10.94
Europe Liquid 40 Net Index	EUR	3,368.79	1.64	5.14	5.14	35.81	-NA-
Europe Liquid 40 Ex UK	EUR	3,927.98	2.70	2.17	2.17	35.28	11.33
Europe Liquid 40 Ex UK Net Index	EUR	3,804.39	2.03	2.10	2.10	34.32	-NA-
UK	EUR	3,270.81	1.83	7.39	7.39	35.51	12.52
UK Net Index	EUR	2,164.13	1.37	7.39	7.39	35.50	-NA-
Netherlands	EUR	3,347.16	4.26	1.57	1.57	29.97	12.29
France	EUR	4,445.16	2.40	3.84	3.84	49.22	15.25
Austria	EUR	1,826.18	0.10	1.18	1.18	15.02	4.98
Sweden	EUR	4,479.72	3.60	6.05	6.05	25.07	21.20
Germany	EUR	1,558.15	1.75	- 2.09	- 2.09	36.56	18.65
Switzerland	EUR	1,808.90	1.47	1.33	1.33	13.06	10.55
Belgium	EUR	2,205.54	5.32	1.38	1.38	16.73	8.06
Italy	EUR	4,346.58	2.25	3.52	3.52	25.78	16.12
Denmark	EUR	654.32	0.57	13.14	13.14	3.74	42.76
Finland	EUR	4,557.94	3.79	5.07	5.07	35.94	17.96
Poland	EUR	1,659.09	-	14.15	14.15	91.49	-NA-
UK	GBP	3,537.10	1.83	5.97	5.97	31.98	13.00
UK Net Index	GBP	1,854.47	1.37	5.97	5.97	31.99	-NA-
Switzerland	CHF	1,799.40	1.47	1.28	1.28	15.47	10.69
Sweden	SEK	4,848.90	3.60	5.29	5.29	22.80	21.48
Denmark	DKK	656.37	0.57	13.08	13.08	3.66	42.82
Poland	PLN	1,988.10	-	11.33	11.33	93.06	-NA-
Nth America	USD	4,028.65	3.67	6.08	6.08	32.34	15.37
United States	USD	4,008.02	3.59	6.32	6.32	32.82	15.66
Canada	USD	4,660.33	4.77	3.11	3.11	25.41	13.55

Source: EPRA

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