



August 2007

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index picked up in August. The index gained 3.3% recovering ground on the back of a number of poor months. Global equity markets (+20bps) crept up, while the bond market added 1.3%. The three real estate regions were all ahead during the month. Europe (+2%) and North America (+6.5%) were the main focus of buyers attention. Asia-Pacific advanced 80bps during the month. Year to date the Asia-Pacific region is 7.1% ahead. Both North American (-9.9%) and European (-15.3%) stocks remain behind in 2007. 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 17.2% annually, Global equities advanced 9.8% in comparison, and Global bonds added 3.7%. As a result, over the total five-year period, Global real estate returned 122%; Global equities gained 60% and Global bonds advanced 20%.

Asset Classes (EUR)	Aug-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	3.3	-5.4	121.6	17.2
Global Equities	0.2	5.0	59.8	9.8
Global Bonds	1.3	2.1	20.0	3.7
Europe Real Estate	2.0	-15.3	167.1	21.7
N. America Real Estate	6.5	-9.9	83.4	12.9
Asia Real Estate	0.8	7.1	164.2	21.4

Source: EPRA/FTSE/JP Morgan

Asia-Pacific

In the Asia-Pacific region, the performance of the countries was largely negative during the month. Performance ranged from an impressive push of 8.1% for EPRA/NAREIT Australia (A\$), to reversals for the remaining countries. EPRA/NAREIT Singapore (SG\$) was the heaviest hit, down 6.1%, EPRA/NAREIT New Zealand (NZ\$) fell 4%, EPRA/NAREIT Hong Kong (HK\$) ended 1.9% down and EPRA/NAREIT Japan (JPY) finished 1.2% in the red. Asia-Pacific 36 months rolling volatility is 12%, the lowest of the three regions.

Country	Aug-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	0.8	7.1	164.2	21.4
Australia (AUD)	8.1	3.4	144.5	19.6
Hong Kong (HKD)	-1.9	23.4	251.5	28.6
Japan (JPY)	-1.2	1.7	252.5	28.7
Singapore (SGD)	-6.1	16.0	278.2	30.5
New Zealand (NZD)	-4.0	-3.4	-NA-	-NA-

Source: EPRA

Not surprisingly, Australia heads up the top performers. 13 of the top 20 performers in Asia-Pacific were Australian stocks. On top of the Asian performers in August was global retail heavyweight Westfield (+13%). Stockland Trust, Goodman Group and RREEF Trust all jumped 11%. Japanese office REIT, Mori Trust Sogo (+11%), was the only non-Australian stock in the top five performers. At the bottom end Hong Kong based Great Eagle Holdings fell 17%.

Developer Multiplex received a takeover offer by Canadian based Brookfield Asset Management at A\$5.05 per share in June. The Multiplex board recommended the offer in July, with only a limited chance of a superior offer emerging. The offer period was extended from 30 August to 28 September. In an announcement on 3 September, Brookfield said that it was investigating a likely error in its substantial holdings filings with respect to Multiplex, which could result in less than 50% subscriptions to the offer. Multiplex added 60 bps in August to end the month at A\$4.99 per share.

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Morgan Stanley agreed to buy Investa Property Group, the largest owner of offices in Australia for A\$4.7 billion (US\$3.9 billion) in May. The deal valued shares at A\$3.00 each. The board of Investa unanimously recommended the deal. KPMG Corporate Finance (Australia) valued the stapled units between A\$2.85 and A\$3.15, stating that the offer was at a premium of between 13 and 28 percent over the Investa market price based on the volume-weighted average price in the 12 months prior to the takeover announcement. Investa was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 29 August.

According to a report by The Australian, pressure on the international property market coupled with a US\$5.7 billion war chest, adds up to Westfield being strongly positioned to expand its activities in the UK and the United States. Potential targets could be the larger retail players in the two respective countries. Westfield already owns more than 60% of its portfolio outside of Australia. Westfield has a market capitalisation in the region of €25 billion and is the largest company in the FTSE EPRA/NAREIT Global Real Estate Index.

Diamond City and Aeon Mall signed an agreement in March to merge in August in order to expand into China and other overseas markets. Diamond City delisted from the exchange in August and was subsequently deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 20 August. Aeon Mall issued new shares and had its free float changed from 20% to 50% in the index. Aeon Mall fell 2.5% in August.

Prime Office rents in Hong Kong climbed 6.4% in the first half of 2007 according to Jones Lang LaSalle. Hong Kong's four-year expansion has made prime offices in the area the world's second-most expensive, forcing some companies to search for something cheaper. Champion REIT which bought Citibank Plaza in the Central business district from Great Eagle said the building's vacancy rate was 3.2 percent. The average rent for space in the complex is HK\$46.45 per square foot a month, up almost 28% since December 2006. Shares in Champion REIT were actually 9% down in August.

Europe

In August, the EPRA/NAREIT Europe Index reversed some of the losses of recent months (+2%). The heavily weighted UK market added 4.9%, but more subdued gains in Continental Europe held back the aggregate return. The Netherlands (+3%) picked up after poor results in July. All European countries remain on negative territory year to date. The UK (-19%) is most affected, followed by France (-8.1%), Sweden (-7.6%), and the Netherlands (-7.4%). At a composite level, EPRA/NAREIT Europe Index is down 15%. Broad European volatility stands at approximately 14%.

Country	Aug-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	2.0	-15.3	167.1	21.7
UK (GBP)	4.9	-19.2	162.2	21.3
Netherlands (EUR)	3.0	-7.4	164.1	21.4
France (EUR)	0.4	-8.1	276.0	30.3
Sweden (SEK)	2.1	-7.6	252.3	28.6

Source: EPRA

Heading the European performers in August was UK retail investor Liberty International. Student accommodation specialist United Group added 12% and Hammerson gained 11%. In Italy, retail focused IGD jumped 10%, just a few bps ahead of Wihlborgs Fastigheter of Sweden. For the second consecutive month, Deutsche Wohnen ended at the bottom of the European performers, down 14%.

Last month's European top performer Quintain Estates fell 13% in August following the announcement by Quill Securities, the HBOS unit that was considering an offer; that it doesn't plan to make an offer for the diversified development company. Quill acquired 12 percent of Quintain on 12 July and stated on 16 July that it was considering an offer for the

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company. Under UK takeover rules, Quill Securities will not be permitted to bid for Quintain for the next six months, unless another company submits an offer.

French supermarket owner Carrefour plans to sell off a portion of its real estate portfolio next year. The company owns more than 1000 assets stretching from Brazil to China. The company would be named Carrefour Property and would own approximately 60% of the company's property assets, which are valued in the region of €24 billion. Billionaire Bernard Arnault and US real estate investment firm Colony Capital had jointly bought almost 10% of Carrefour in March and have been pressing Carrefour CEO Jose Luis Duranto to sell off some of its property assets.

ImmoEast sold a housing project and two malls based in Central Europe to step up investment in the Balkans and the former Soviet Union. The sales are part of a program of disposals to realise as much as €1.5 billion according to the company. CEO Karl Petrikovics said, "We are increasingly shifting our focus." The company plans to invest in countries such as Romania, Bulgaria, Russia and the Ukraine as part of a €6 billion investment program. Petrikovics also stated, "If there are already mature properties in our portfolio, they will be a target for selling."

The UK Takeover Panel stated that Carlyle Group, a DC based private equity firm had to pursue its £155 million offer for Freeport in July. The Panel said that Carlyle had to send shareholders the offer document by 10 August if it did not appeal. The offer went wholly unconditional following an announcement on 3 September stating that 97% of shareholders accepted the offer.

The UK Balanced Property Trust signed an agreement in July to sell its property portfolio to GE Real Estate for £417.5 million. The deal follows a two months battle between the board of the trust and major shareholder Scottish Windows. Shareholders approved the sale at the EGM held on 17 August and the company intends to publish a further circular in mid-September to convene a meeting to wind-up the company.

The Financial Times reported that F&C Commercial Property Trust may consider winding itself up after missing a self-imposed share price target. The company will hold an EGM in late September to vote on a resolution to continue the trust. If the resolution is not passed, the Directors will convene a further EGM, to be held within six months of the EGM in late September to consider winding up the trust, or a reconstruction of the trust which offers all shareholders the opportunity to realize their investment.

Westbury Property Fund agreed to buy UK trucking company Eddie Stobart for £138 million. The Guernsey based company has agreed to sell the majority of its property portfolio for £142 million to quit the property sector. Westbury Investment Manager Richard Burrell said that returns from property are 'unlikely to exceed' those possible from ports, rail and logistics businesses.

Danish Company, Keops, recommended that shareholders accept the bid by Icelandic competitor Fasteignafelagid Stodir. The deal values Keops at approximately US\$800 million, or DKK24 per share. The offer for the company started on 27 July and ran until 31 August. The result of the offer saw approximately 97% of shareholders subscribe to the deal. Keops finished the month up 1.3% to DKK24.

Norwegian Property Trust offered to buy Norgani Hotels for NOK3.27 billion (US\$556 million) in August. Norwegian Property offered 82.5 kroner per share. According to a company statement, the bid has been accepted by over 60% of the shares. Norwegian Property will finance the deal with a NOK1.7 billion credit facility, a NOK810 million rights issue and a private placement of NOK690. The remainder will be financed with cash reserves. Norwegian Property Trust was down 3.9% in August.



Rounding up the corporate actions for Europe, Deutsche Euroshop exercised a 2 for 1 stock split as at 6 August. Segro completed a 12 for 13 consolidation, and a special dividend of £0.64 per share.

North America

Over the Atlantic, US real estate stocks ended up 6.3% in USD terms in August, and EPRA/NAREIT Canada (CAD) added 2.1%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended 6% higher over the month. Eight months into 2007, North America is 6.8% down. 36 months rolling volatility in North America remains the highest of the three regions at 16%.

Country	Aug-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	6.0	-6.8	154.8	20.6
United States (USD)	6.3	-7.9	149.9	20.1
Canada (CAD)	2.1	-3.6	131.4	18.3

Source: EPRA

The United States dominated the Global and North American performers list in August. A Canadian stock topped the list however. Canadian Hotel Income Properties Trust (CHIP REIT) jumped 34% in August following British Columbia IM Corp tabling a C\$19.10 per unit bid. The bid represented a 34% premium over the closing price of CHIP REIT on 31 July. US Healthcare players took the next three slots, Medical Properties Trust (+20%), Nationwide Health Properties (+18%) and Senior Housing Properties (+18%) all achieved healthy results. Digital Realty Trust added an impressive 18% in August to complete the top five. Dundee REIT ended the month 14% down to prop up the North American list.

Tishman Speyer Properties and Lehman Brothers Holdings agreed to buy residential player Archstone-Smith in May. The deal is worth \$60.75 per share with a total transaction value of \$22.2 billion including debt. Archstone announced on 21 August that shareholders had approved the acquisition. Approximately 98.9% of shares present at the meeting voted in favour of the deal. Archstone finished the month 2.4% up at US\$58.8.

Equity Inns agreed to be purchased by Whitehall for US\$23 per share. The total estimated size of the deal is US\$2.2 billion and is expected to be completed in the fourth quarter of 2007. The company set the shareholder vote on the proposed deal for 2 October. Equity Inns added 72bps in August to finish the month at US\$22.52.

Republic Property could be acquired by Liberty Property Trust for an estimated US\$850 million. The deal values Republic shares at US\$14.70. Shareholders will vote on the merger in a meeting planned for 27 September 2007.

Dundee REIT announced the potential sale of C\$2.4 billion worth of office and industrial assets to General Electric's real estate arm in June. GE also purchased 18% of Dundee. Dundee held shareholder meeting on 15 August which resulted in shareholders agreeing the sale.

Crescent Real Estate entered into a definitive buyout agreement with Morgan Stanley at the end of May. Morgan Stanley Real Estate purchased Crescent shares at US\$22.80 per share. Crescent shareholders approved the offer at a special meeting scheduled on 1 August. Crescent was deleted from the FTSE EPRA/NAREIT Global Real Estate Index as at 6 August.

Spirit Finance was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 1 August. The company was target of a takeover bid by Redford Merger Co. The deal valued Spirit at US\$14.50 per share.

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Rounding up the corporate actions for the region, Affordable Residential Communities changed its name to Hilltop Holdings.

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Tuesday 4th & Wednesday 5th September. The reviews take the form of three separate regional committee meetings. Results are announced before the next days trading.

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 305 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 31-Aug	Div		Total		Total		36 Mths Vlty (%)
			Yld (%) 31-Aug	Rtn (%) QTD	Rtn (%) Aug-07	Rtn (%) YTD			
Global	EUR	2,682.39	3.35	- 3.10	3.34	- 5.38	12.48		
Asia	EUR	2,166.11	2.82	- 1.82	0.80	- 7.10	12.04		
Europe	EUR	3,266.64	2.68	- 5.39	2.05	- 15.26	14.01		
North America	EUR	2,970.64	4.18	- 3.07	6.48	- 9.86	16.43		
Global Ex-Asia	EUR	3,011.52	3.67	- 3.88	4.94	- 11.66	14.39		
Global Ex-Europe	EUR	2,518.62	3.52	- 2.47	3.68	- 2.47	13.04		
Global Ex-North America	EUR	2,639.49	2.77	- 3.11	1.25	- 2.01	11.59		
Asia	EUR	2,166.11	2.82	- 1.82	0.80	- 7.10	12.04		
Pure Asia	EUR	2,235.90	2.35	- 2.12	0.20	- 7.40	12.73		
Japan	JPY	3,808.69	1.12	- 10.36	- 1.24	- 1.74	23.69		
Australia	AUD	3,081.04	5.42	- 3.18	8.10	- 3.43	10.93		
Pure Australia	AUD	3,236.37	5.24	- 1.59	6.90	- 2.04	11.25		
Hong Kong	HKD	2,370.51	1.99	- 7.04	- 1.94	- 23.42	16.32		
Singapore	SGD	2,173.25	2.27	- 11.65	- 6.06	- 16.03	17.79		
New Zealand	NZD	1,509.07	5.75	- 12.12	- 3.97	- 3.45	-NA-		
Europe	EUR	3,266.64	2.68	- 5.39	2.05	- 15.26	14.01		
Europe	EUR	2,043.56	2.01	- 5.44	2.04	- 15.55	14.04		
Euro Zone	EUR	3,531.22	2.97	- 8.26	- 0.15	- 12.12	14.46		
Euro Zone	EUR	2,118.63	2.23	- 8.35	- 0.17	- 12.61	14.51		
Europe Ex UK	EUR	3,680.29	3.08	- 7.63	0.01	- 11.11	14.41		
Europe Ex UK	EUR	3,595.32	2.31	- 7.72	- 0.01	- 11.66	14.45		
Europe Liquid 40	EUR	3,230.92	2.55	- 4.87	2.81	- 15.91	14.70		
Europe Liquid 40	EUR	3,167.28	1.91	- 4.91	2.80	- 16.17	14.73		
Europe Liquid 40 Ex UK	EUR	3,969.80	2.97	- 7.21	0.08	- 10.08	14.97		
Europe Liquid 40 Ex UK	EUR	3,819.24	2.23	- 7.29	0.07	- 10.66	15.03		
UK	EUR	2,932.35	2.21	- 2.58	4.58	- 19.49	16.07		
UK	EUR	1,940.20	1.66	- 2.58	4.58	- 19.49	16.07		
Netherlands	EUR	3,372.75	5.11	- 6.53	3.03	- 7.40	15.39		
France	EUR	4,584.50	3.07	- 5.63	0.38	- 8.06	18.07		
Austria	EUR	1,692.72	0.09	- 13.69	- 2.58	- 14.97	12.06		
Sweden	EUR	4,494.38	5.96	- 1.75	0.33	- 11.21	24.36		
Germany	EUR	1,304.99	2.99	- 11.79	- 2.33	- 25.50	21.46		
Switzerland	EUR	1,837.25	1.57	- 3.46	2.02	- 5.53	11.85		
Belgium	EUR	2,075.21	7.41	- 3.88	0.72	- 6.48	10.54		
Italy	EUR	4,162.76	2.04	- 11.25	1.18	- 25.77	22.45		
Denmark	EUR	901.02	0.17	- 2.95	- 7.00	- 36.84	39.91		
Finland	EUR	5,167.26	3.36	- 5.78	- 2.42	- 6.50	20.90		
Poland	EUR	2,120.99	-	- 15.04	7.22	- 5.00	-NA-		
UK	GBP	3,202.49	2.21	- 2.19	4.93	- 19.24	16.88		
UK	GBP	1,679.06	1.66	- 2.19	4.93	- 19.24	16.87		
Switzerland	CHF	1,896.21	1.57	- 3.93	2.02	- 3.33	12.67		
Sweden	SEK	4,955.78	5.96	- 0.38	2.14	- 7.61	24.64		
Denmark	DKK	903.37	0.17	- 2.85	- 6.89	- 36.75	39.97		
Poland	PLN	2,511.90	-	- 13.52	8.34	- 4.97	-NA-		
Nth America	USD	3,865.35	4.18	- 2.16	6.04	- 6.82	15.25		
United States	USD	3,801.70	4.11	- 2.15	6.34	- 7.85	15.72		
Canada	USD	5,105.24	4.89	- 2.19	3.05	- 6.03	12.01		

Source: EPRA

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