



**FTSE EPRA/NAREIT Global Real Estate Index**

The FTSE EPRA/NAREIT Global Real Estate Index fell again (-4.8%) in December. Global equity markets (-5.5%) also headed down, while the bond market was neutral for the month. All three real estate regions fell back in December. Asia-Pacific real estate fell 5.2%, Europe lost 4.3% and North America ended 4.6% in the red. In 2007, the Asia-Pacific region was the only region to complete the year on positive ground (+3.5%). Both North American (-23.3%) and European (-31.9%) real estate stocks experienced significant downturns in 2007. The aggregate Global return for 2007 was -16.1%. All returns are expressed in €

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 16.3% annually, Global equities advanced 11.7% in comparison, and Global bonds added 3.4%. As a result, over the total five-year period, Global real estate returned 113%, Global equities gained 74% and Global bonds advanced 18%.

Asset Classes (EUR)	Dec-07 Return %	2007 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	-4.8	-16.1	112.9	16.3
Global Equities	-5.5	2.5	73.7	11.7
Global Bonds	0.0	3.8	18.0	3.4
Europe Real Estate	-4.3	-31.9	118.8	17.0
N. America Real Estate	-4.6	-23.3	73.2	11.6
Asia Real Estate	-5.2	3.5	174.9	22.4

Source: EPRA/FTSE/JP Morgan

**Asia-Pacific**

In the Asia-Pacific region, the performance of the countries was disappointing in December. Performance ranged from a small climb of 40bps for EPRA/NAREIT New Zealand (NZ\$), to a fall of 9.2% for EPRA/NAREIT Japan (JPY). EPRA/NAREIT Singapore (SG\$) lost 40bps, EPRA/NAREIT Australia (A\$) fell 6.6% and EPRA/NAREIT Hong Kong (HK\$) ended the month 1.6% down. Hong Kong (HK\$) ended the year 59% higher, driving the performance of the region over the course of 2007. The other two large markets in the region Australia (-7.7%) and Japan (-12.3%) ended the year in the red. Asia-Pacific 36 months rolling volatility is 12%, the lowest of the three regions.

Country	Dec-07 Return %	2007 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	-5.2	3.5	174.9	22.4
Australia (AUD)	-6.6	-7.7	107.6	15.7
Hong Kong (HKD)	-1.6	58.9	388.3	37.3
Japan (JPY)	-9.2	-12.3	220.1	26.2
Singapore (SGD)	-0.4	8.1	365.1	36.0
New Zealand (NZD)	0.4	-7.8	-NA-	-NA-

Source: EPRA

Japanese diversified player Premier Investment Co (+12%) headed up the Asian top performers in December. Singapore based Guocoland (Singapore) added 11% during the month followed by Singapore neighbour Suntec REIT (+10%). Japan Retail Fund (+10%) and Sunland Group (Australia) (+9%) completed the top five performers for the month.

At the bottom of the Asian and Global performers was retail specialist Centro Properties Group. The company's share price collapsed 82% in December. Centro Retail lost 33% during the month. The slump wiped over A\$5 billion off the value of the companies. Centro Properties stated that it had suspended dividends and maybe forced to sell assets after lenders gave the company until 15 February to renegotiate maturing debt. The company needs to refinance A\$3.9 billion of debt. Subsequently, the company announced on 2 January that it was up for sale. The collapse of the US subprime mortgage market has



triggered approximately US\$100 billion in asset write-downs and credit losses at the world's largest banks and has pushed the cost of credit higher.

The following table provides a summary of the additions and deletions in the Asia-Pacific region for 2007. Changes to the ground rules in March resulted in a reduction in the region's constituents. The changes to the minimum size and liquidity rules saw eleven of the smaller cap constituents dropping out of the index in March. There were only two additions to the region in 2007: Hong Kong listed Shimao Property and Country Garden Holdings. The second half of the year saw a pick up in M&A activity, with a total of five companies being taken over. Four of the five were Australian LPTs.

Date	Company	Country	Addition/ Deletion	Reason (*QR = Quarterly Review)
5-Jan	ING Industrial Fund	Australia	Deletion	Removal from Pure Asia index - acquisition in North America
19-Mar	ING Real Estate Community Living	Australia	Deletion	QR: Deleted following failed size criterium
19-Mar	Rubicon America Trust	Australia	Deletion	QR: Deleted following failed size criterium
19-Mar	Shimao Property	Hong Kong	Addition	QR: Included with 40% free float.
19-Mar	Rubicon Europe Trust	Australia	Deletion	QR: Deleted following failed size criterium
19-Mar	Far East Consortium	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	GZI Real Estate Investment Trust	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	HKR International	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	Pacific Century Premium Developments	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	Prosperity REIT	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	Shanghai Real Estate	Hong Kong	Deletion	QR: Deleted following failed size criterium
19-Mar	Allco Commercial Real Estate	Singapore	Deletion	QR: Deleted following failed size criterium
19-Mar	Fortune REIT	Singapore	Deletion	QR: Deleted following failed size criterium
18-Jun	Daikyo Inc.	Japan	Deletion	QR: Deleted following failed size criterium
9-Jul	Macquarie Prologis Trust	Australia	Deletion	Takeover bid by Prologis USA
20-Aug	Diamond City	Japan	Deletion	Takeover bid by Aeon Mall Co
29-Aug	Investa Property Group	Australia	Deletion	Takeover bid by Morgan Stanley Real Estate
24-Sep	Country Garden Holdings	Hong Kong	Addition	QR: Inclusion with 20% free float
24-Sep	Shoei Co.	Japan	Deletion	QR: Deleted on Market Cap size rule
22-Oct	Centro Shopping America Trust	Australia	Deletion	Takeover by Centro Retail
2-Nov	Multiplex Group	Australia	Deletion	Takeover by Brookfield Asset Management

Source: FTSE EPRA/NAREIT

Rounding up the corporate actions in the Asia-Pacific region for December, Henderson Land Development increased its free float percentage in the index to 50% following the issue of shares to complete the acquisition of Henderson Investments.

### Europe

In December, the EPRA/NAREIT Europe Index fell back again (-4.3%). The heavily weighted UK market fell 2.1% and France (-3.2%) ended the month further behind. The Netherlands (-3.1%) and Sweden (-5.2%) compounded the losses in the region. All European countries ended 2007 on negative territory. The UK (-36.3%) was worse affected, followed by France (-19.7%), Sweden (-18.5%), and the Netherlands (-12.3%). At a composite level, EPRA/NAREIT Europe Index ended the year down 31.9%. Broad European volatility stands at approximately 14%.

Country	Dec-07 Return %	2007 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-4.3	-31.9	118.8	17.0
UK (GBP)	-2.1	-36.3	114.8	16.5
Netherlands (EUR)	-3.1	-12.3	145.5	19.7
France (EUR)	-3.2	-19.7	204.1	24.9
Sweden (SEK)	-5.2	-18.5	206.2	25.1

Source: EPRA

Heading the European performers in December was UK retail player Development Securities (+21%). Primary Health Properties (UK) jumped 20%, followed by two other UK companies: Mucklow added 17% and Plaza Centers gained 11%. The only non-UK constituent in the top five performers was Technopolis of Finland (+10%). Capital & Regional finished December down 28% and subsequently held up the European performers. The company announced that the value of its Mall and Junction funds had fallen as much as 12% in November as the price of shopping centres declined.



Dutch property company VastNed Retail received a hostile takeover bid of €70 per share from IEF Capital in November. IEF Capital is a joint venture between two Dutch investment firms. The bid valued VastNed Retail at €1.14 billion or €70 per share. Since the IEF offer, the company said that it had received a 'number' of non-binding propositions and must now decide which ones to allow access to its financial data, property valuations and rental contracts.

Invesco Property Income Trust announced in November that it planned to sell £100 million worth of properties from its £465 million portfolio to reduce debt and avoid breaching the terms of a bank loan. The fall in the value of properties was announced in the company's half year statement. In December the company announced that it had adopted the following objectives:

- To reduce the Group's borrowings to below the Board's long term target of 55% of gross assets;
- To undertake asset disposals and to achieve this before the end of 2008;
- To retain a good quality portfolio of commercial properties in the UK and continental Europe;
- To maximise income and undertake cost savings.

Italy passed legislation in December to help introduce REITs after a year long delay. The Italian parliament definitively adopted Prime Minister Romano Prodi's budget, the second to include changes to a law allowing REITs. Criticism of Italy's legislation by companies prompted the government to amend the new budget law, postponing the deadline for applying for REIT status until April. The changes make shareholding requirements for small investors less stringent. However, the government didn't scrap a 20 percent dividend tax for foreign investors and a capital gains tax on revaluations, which make Italian REITs less competitive relative to European counterparts.

Gecina's (non-constituent) minority shareholders urged the French regulator to force the SIIC's largest stakeholders Joaquin Rivero and Bautista Soler to buy them out. Colette Neuville, who heads the French minority shareholders group Adam, said she wrote to the Autorite des Marches Financiers in early December asking it to require Rivero and Soler to issue a €129.36 cash offer to all Gecina's other shareholders.

Non-FTSE EPRA/NAREIT constituent Inmobiliaria Colonial of Spain lost almost €1.87 billion from its value in the last two trading days of 2007. The stock has been suspended from the Madrid stock exchange by the regulator. The Barcelona based company has become increasingly indebted in recent months as it seeks to expand abroad to guard against Spain's weakening property market. At the end of September, Colonial had a debt of approximately €9 billion with total assets worth €13.6 billion.

The table below highlights the activity in the European region of the FTSE EPRA/NAREIT Global Real Estate Index. Changes to the size and liquidity rules in March saw four companies leave the index. The largest deal on the European M&A radar screen in 2007 was the Unibail/Rodamco Europe merger, creating a company with a market capitalisation in excess of €13.5 billion by the time when the merger was completed. New additions in the European region in 2007 were Plaza Centers, UK Commercial Property Trust, Alstria Office (which became the first German REIT in November), Vivacon and DIC Asset.





Date	Company	Country	Addition/ Deletion	Reason (*QR = Quarterly Review)
1-Feb	London Merchant Securities	UK	Deletion	Deleted following a take over by Derwent Valley Holdings
19-Mar	Norgani Hotels	Norway	Deletion	QR: Deleted following failed liquidity criterium
19-Mar	McKay Securities Plc	UK	Deletion	QR: Deleted following failed liquidity criterium
19-Mar	Town Centre Securities	UK	Deletion	QR: Deleted following failed liquidity criterium
19-Mar	Warner Estates Holdings	UK	Deletion	QR: Deleted following failed liquidity criterium
19-Mar	Plaza Centers	UK	Addition	QR: Included with 40% free float
19-Mar	UK Commercial Property Trust	UK	Addition	QR: Included with 30% free float
4-Apr	Alstria Office	Germany	Addition	IPO Fast Track Inclusion at 50% free float.
18-Jun	Vivacon AG	Germany	Addition	QR: Included with 100% free float
16-Jul	Rodamco Europe	Netherlands	Deletion	Deleted following a take-over bid by Unibail-Rodamco
7-Sep	Freeport	UK	Deletion	Deleted following a take-over bid by CEREP
17-Sep	Keops	Denmark	Deletion	Deleted following a take-over bid by Fasteignafelagid
24-Sep	Immoeast	Austria	Deletion	QR: Failed EBITDA rule
24-Sep	DIC Asset	Germany	Addition	QR: Included with 75% free float
9-Oct	Stobart Group	UK	Deletion	Deleted following the sale of it's real estate portfolio
19-Oct	UK Balanced Property Trust	UK	Deletion	Deleted following a take-over by F&C Commercial Property
6-Dec	lcade EMGP	France	Addition	Included following a merger with lcade and subsidiaries
6-Dec	lcade	France	Deletion	Deleted following a merger with lcade EMGP

Leasinvest was the only change to come out of the quarterly review meetings held on 12 December. The company's free float factor changed to 40% effective 24 December. Rounding up the corporate actions in Europe, lcade merged to form lcade EMGP. The merger was effect on 6 December.

### North America

Over the Atlantic, US real estate stocks ended down 5.3% in USD terms in November. North of the border EPRA/NAREIT Canada (CAD) fell 3.5%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended 5% lower over the month. At the end of 2007, North America ended 14.9% down for the year. The US fell 16.4% and Canada dropped 12.3% in local currency terms in 2007. 36 months rolling volatility in North America remains the highest of the three regions at 16%.

Country	Dec-07 Return %	2007 Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	-5.0	-14.9	141.3	19.3
United States (USD)	-5.3	-16.4	135.6	18.7
Canada (CAD)	-3.5	-12.3	107.1	15.7

Source: EPRA

Maguire Properties (+18%) topped the North American list following the REITs decision to form a special committee to look at its strategic options, including a possible sale. Canadian healthcare specialist Chartwell Seniors Housing jumped 11%. The company was upgraded to 'outperform' by RBC. Universal Health Realty added 10% and LTC Properties (Healthcare) moved up 7%. DuPont Fabros Technology gained 5% after a number of analysts issued positive ratings on the company. Associated Estates Realty dropped 24% to shore up the North American constituents.

The Canadian government states that it will allow REITs to expand abroad and still be exempt from new tax rules that go into effect in 2011 for high yield securities. REITs in Canada were exempt from the new rules as long as 75 percent or more of income came from properties in Canada, and their Canadian assets comprised at least 75 percent of equity. The government said that it will remove the distinction between Canadian and foreign properties.

American Financial Realty (AFR) which aimed to become the preferred landlord of leading banks and other financial institutions announced in November that it was being bought by Gramercy Capital - a New York based commercial real estate finance company for US\$1.1 billion. Gramercy also agreed to assume US\$2.3 billion of the company's debt. The merger sees AFR shareholders receive US\$5.50 per share, plus 0.12096 shares of Gramercy common stock. Each company has called a special meeting of shareholders on 13 February to seek approval for the deal.



The table below highlights the major corporate activity in region for 2007. The United States and Canada experienced plenty of M&A transactions during the year. A total of 22 deals took place involving constituents of the FTSE EPRA/NAREIT Global Real Estate Index. The total deal size was US\$104 billion with a weighted average premium on announcement of 19%. The largest deal was the Equity Office takeover by Blackstone, the total value approximately US\$34 billion. Archstone Smith was the next largest at US\$20 billion. Five of the 22 deals occurred in the Canadian market, Retirement Residences being the largest at US\$2.8 billion. The region welcomed three new constituents in 2007, Extencicare REIT (Canada), DCT Industrial Trust and DuPont Fabros Technology.

Date	Company	Country	Addition/ Deletion	Reason (*QR = Quarterly Review)
16-Jan	Global Signal	USA	Deletion	Takeover by Crown Castle International
25-Jan	CentraCore Properties Trust	USA	Deletion	Takeover by Geo Group, Inc.
26-Jan	Retirement Residences REIT	Canada	Deletion	Takeover by Public Sector Pension Investment Board
26-Jan	Reckson Associates Realty Corp.	USA	Deletion	Takeover by SL Green Realty Corp.
12-Feb	Equity Office Properties Trust	USA	Deletion	Takeover by The Blackstone Group
27-Feb	Truststreet Properties	USA	Deletion	Takeover bid by General Electric Corp.
1-Mar	Columbia Equity Trust	USA	Deletion	Takeover bid by JP Morgan Chase & Co.
1-Mar	BNP Residential Properties	USA	Deletion	Takeover bid by Babcock and Brown
19-Mar	Extencicare REIT	Canada	Addition	QR: Included with 100% free float
19-Mar	IPC US REIT	Canada	Deletion	QR: Deleted following failed liquidity criterion
19-Mar	National Health Investors	USA	Deletion	QR: Failed EBITDA rule (Hybrid REIT)
2-Apr	Mills Corporation	USA	Deletion	Takeover by Simon Property Group and FCM Ventures
16-Apr	Alexis Nihon	Canada	Deletion	Takeover by Homburg Invest Inc.
23-Apr	New Plan Excel Realty Trust	USA	Deletion	Takeover by Centro Properties Group
26-Apr	Sunrise Senior Living REIT	Canada	Deletion	Takeover by Ventas Inc.
18-Jun	DCT Industrial Trust	USA	Addition	QR: Included with 100% free float
2-Jul	Innkeepers USA Trust	USA	Deletion	Takeover bid by Grand Prix Acquisition Trust
2-Jul	Winston Hotels Inc.	USA	Deletion	Takeover bid by Inland America Real Estate
20-Jul	Highland Hospitality Corp.	USA	Deletion	Takeover bid by JE Roberts Companies
1-Aug	Spirit Finance Corp.	USA	Deletion	Takeover bid by Redford Holdco LLC
6-Aug	Crescent Real Estate Corporation	USA	Deletion	Takeover bid by Morgan Stanley Real Estate
19-Sep	Legacy Hotels REIT	Canada	Deletion	Takeover bid by LGY Acquisition LP
1-Oct	Canadian Hotel Trusts	Canada	Deletion	Takeover bid by British Columbia Investment Management
5-Oct	Republic Property Trust	USA	Deletion	Takeover bid by Liberty Property Trust
8-Oct	Archstone-Smith	USA	Deletion	Takeover bid by River Holding
22-Oct	DuPont Fabros Technology	USA	Addition	IPO Fast Track Inclusion at 50% free float.
26-Oct	Equity Inns	USA	Deletion	Takeover by Whitehall Street Global Real Estate

Rounding up the corporate actions affecting the index in December, DuPont Fabros Technology changed its free float weighting to 100%. In addition, a number of US companies issued special dividends to shareholders on 27 December:

Company	Special Dividend (US\$)
Boston Properties	5.980
Cominar REIT	0.025
Acadia Realty Trust	0.223
Host Hotels & Resorts	0.200
Winthrop Realty Trust	0.120
Lexington Corporate Properties	2.100
Apartment Investment	1.910

Source: FTSE EPRA/NAREIT

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Wednesday 12th March. 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 on [www.epra.com](http://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 December, there were a total of 295 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-Dec	Div		Total		36 Mths Vlty (%)
			Yld (%) 31-Dec	Rtn (%) QTD	Total Rtn (%) Dec-07	Total Rtn (%) 2007	
Global	EUR	2,378.95	3.74	- 12.70	- 4.82	- 16.09	14.20
Asia	EUR	2,094.02	2.84	- 9.40	- 5.21	- 3.54	13.91
Europe	EUR	2,625.06	3.60	- 15.12	- 4.29	- 31.91	15.83
North America	EUR	2,528.93	4.84	- 15.10	- 4.64	- 23.27	17.95
Global Ex-Asia	EUR	2,516.38	4.43	- 15.07	- 4.52	- 26.19	16.14
Global Ex-Europe	EUR	2,288.45	3.78	- 12.12	- 4.94	- 11.38	14.74
Global Ex-North America	EUR	2,401.60	3.07	- 11.21	- 4.93	- 10.85	13.22
Asia	EUR	2,094.02	2.84	- 9.40	- 5.21	- 3.54	13.91
Pure Asia	EUR	2,164.40	2.37	- 9.20	- 5.72	- 3.96	14.44
Japan	JPY	3,284.69	1.36	- 18.63	- 9.16	- 12.26	25.61
Australia	AUD	2,750.31	6.03	- 12.60	- 6.58	- 7.67	12.47
Pure Australia	AUD	2,730.95	6.31	- 16.91	- 10.81	- 13.90	13.78
Hong Kong	HKD	3,052.45	1.55	10.77	- 1.57	58.93	17.84
Singapore	SGD	2,024.06	2.52	- 15.93	- 0.42	8.07	20.66
New Zealand	NZD	1,441.60	6.34	- 4.47	0.37	- 7.76	14.71
Europe	EUR	2,625.06	3.60	- 15.12	- 4.29	- 31.91	15.83
Europe	EUR	1,985.24	-	- 15.64	- 4.42	- 33.83	15.92
Euro Zone	EUR	3,044.85	4.03	- 12.95	- 3.92	- 24.23	15.80
Euro Zone	EUR	2,162.40	-	- 13.60	- 3.96	- 26.49	15.95
Europe Ex UK	EUR	3,196.32	4.07	- 12.33	- 3.87	- 22.80	15.69
Europe Ex UK	EUR	2,297.71	-	- 12.88	- 3.90	- 25.12	15.81
Europe Liquid 40	EUR	2,558.19	3.50	- 15.33	- 4.76	- 33.41	16.61
Europe Liquid 40	EUR	1,888.68	-	- 15.88	- 4.90	- 35.30	16.73
Europe Liquid 40 Ex UK	EUR	3,410.23	4.06	- 12.92	- 4.69	- 22.76	16.30
Europe Liquid 40 Ex UK	EUR	2,353.02	-	- 13.55	- 4.69	- 25.18	16.50
UK	EUR	2,129.26	2.94	- 18.72	- 4.87	- 41.54	18.63
UK	EUR	1,685.39	-	- 19.22	- 5.15	- 43.08	18.71
Netherlands	EUR	3,195.36	5.59	- 5.68	- 3.12	- 12.27	15.62
France	EUR	4,005.89	3.78	- 14.11	- 3.20	- 19.67	19.26
Austria	EUR	1,333.71	2.57	- 14.80	- 2.06	- 33.00	14.76
Sweden	EUR	3,941.88	6.98	- 11.57	- 5.91	- 22.13	24.15
Germany	EUR	1,050.98	3.92	- 18.03	- 9.73	- 40.00	23.55
Switzerland	EUR	1,627.10	2.15	- 7.46	- 1.47	- 16.34	12.76
Belgium	EUR	2,048.98	5.90	0.73	- 0.35	- 7.66	10.67
Italy	EUR	3,068.79	2.79	- 23.63	- 12.09	- 45.28	24.70
Denmark	EUR	541.23	-	- 27.16	- 11.04	- 17.80	44.75
Finland	EUR	4,270.65	4.03	- 15.50	- 1.78	- 22.72	23.01
Poland	EUR	2,381.43	-	- 1.71	- 3.86	17.89	-NA-
UK	GBP	2,527.18	2.94	- 14.47	- 2.12	- 36.27	17.83
UK	GBP	2,000.53	-	- 15.01	- 2.41	- 37.96	17.93
Switzerland	CHF	1,687.52	2.15	- 7.79	- 1.59	- 13.97	13.75
Sweden	SEK	4,374.18	6.98	- 9.17	- 5.18	- 18.45	24.61
Denmark	DKK	543.16	-	- 27.14	- 11.04	- 17.78	44.79
Poland	PLN	2,648.81	-	- 6.24	- 4.30	10.70	-NA-
North America	USD	3,529.20	4.84	- 12.72	- 5.02	- 14.92	16.49
United States	USD	3,449.31	4.76	- 12.92	- 5.29	- 16.40	16.91
Canada	USD	4,979.64	5.68	- 10.72	- 2.22	3.42	14.07

Source: EPRA