



February 2007

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index fell back (90bps) for the first time in eight months in February. The Global Equity market fell back 2.2% and Global Bonds dropped 20bps. The three real estate regions were mixed over the second month of the new year. North America propped up the group down 3.4% and Europe reversed 60bps. Asia-Pacific added 2.2% in February. Year to date Asia-Pacific and North America are ahead 8.3% and 6.4% respectively, with Europe is dragging its heels in comparison (-1%). 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 17.7% annually, Global Equities advanced 3.4% in comparison, and Global Bonds added 4.3%. As a result, over the total five-year period, Global Real Estate returned 126.2%, Global Equities gained 18% and Global Bonds advanced 23.5%.

Asset Classes (EUR)	Feb-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	-0.9	5.4	126.2	17.7
Global Equities	-2.2	0.2	18.0	3.4
Global Bonds	-0.2	-0.2	23.5	4.3
Europe Real Estate	-0.6	-1.0	199.2	24.5
N. America Real Estate	-3.4	6.4	98.0	14.6
Asia Real Estate	2.2	8.3	136.9	18.8

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries, on aggregate, was positive. Performance ranged from a strong push for the second consecutive month of 7.3% for EPRA/NAREIT Japan (JPY), to a pull back of 1.1% for EPRA/NAREIT Hong Kong (HKD). EPRA/NAREIT Singapore (SGD) added 5.2%, EPRA/NAREIT New Zealand (NZD) fell 60bps and EPRA/NAREIT Australia (AUD) ended the month down 70bps. Asia-Pacific 36 months rolling volatility is 12%.

Country	Feb-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	2.2	8.3	136.9	18.8
Australia (AUD)	-0.7	1.9	142.9	19.4
Hong Kong (HKD)	-1.1	2.3	158.5	20.9
Japan (JPY)	7.3	18.3	290.1	31.3
Singapore (SGD)	5.2	11.4	204.0	24.9
New Zealand (NZD)	-0.6	1.3	-NA-	-NA-

Source: EPRA

Japan dominated Asia-Pacific top performers in February. Office focused Mori Trust Sogo REIT topped the Global and Asia-Pacific performers with a gain of 28%. United Urban Investment and office player Daibiru both jumped 23%. Toc Co advanced 14%. The only non-Japanese stock was Singapore retail investor Allco Commercial which posted a gain of 16% on the back of positive Q4 2006 figures. Chinese overseas Land (Hong Kong) held up the Asia-Pacific region with a loss of 9%.

Regal Hotels International applied to the Hong Kong Securities & Futures Commission in February for an IPO of the Regal REIT the company announced. The company plans to transfer five Hong Kong hotel properties to the Regal REIT for at least HK\$12.5 billion (\$1.6 billion). Shareholders have to approve the sale of the properties to Regal REIT on 9 March. The company plans to hold between 50 and 72 percent of the shares, with public shareholders taking up the remaining portion.

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Singapore residential prices rose 3.8% in Q4 of 2006 according to the Urban Redevelopment Authority. The increase was the largest gain in seven years. The expanding economy in Singapore has allowed developers to sell luxury apartments at record rates. In 2006 residential prices rose 10.2%, with prices hitting 17% in prime districts. CapitalLand said that it plans to offer as many as 1,200 homes for sale in Singapore this year. This is a 26% rise on 2006 figures in which the company sold 954 homes worth S\$1.23 billion. The majority of new homes for sale this year will be in the prime downtown districts where prices may hit S\$1,800 per square foot according to the company. CapitalLand added 4.5% during the month.

Bloomberg reported that Australian property investors are likely to broaden their interest in Europe in 2007. The report noted that there is strong competition for investment in Germany, although the weight of capital is causing strong demand while the supply of underlying property is limited. A number of Australian companies such as Westfield Group already own assets in the European market. In addition, Australian investors are well experienced in the United States market, Centro Properties recently completed \$3.7 billion cash purchase of New Plan being the latest example.

Mitsubishi-UBS filed for an application for approval of changes in "The Method of Business" to operate multiple REITs. The company plans to launch its second REIT following in the footsteps of its Japan Retail Fund. The second REIT will focus on the non-retail sector and the launch is planned in Q3. The application is similar to one submitted by Nomura Real Estate Asset Management, which operates the Nomura Office Fund and the Nomura Residential Fund.

Rounding up the Asia-Pacific region, Aeon Mall and Diamond City both exercised a 2 for 1 stock split during the month.

Europe

In February, the EPRA/NAREIT Europe Index dropped back (-60bps) for the second consecutive month after another negative month for the UK (-1.6%). Year to date the region is 'in the red', down 1%. Good news is that all other major countries in Europe were ahead. EPRA/NAREIT France forged ahead 8%, EPRA/NAREIT Netherlands continued its strong run (+1.3%) and EPRA/NAREIT Sweden gained +1.2%. Broad European volatility stands at approximately 11%, the lowest of the three regions.

Country	Feb-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-0.6	-1.0	199.2	24.5
UK (GBP)	-1.6	-7.7	183.6	23.2
Netherlands (EUR)	1.3	4.9	204.5	24.9
France (EUR)	8.0	9.6	372.7	36.4
Sweden (SEK)	1.2	5.0	274.3	30.2

Source: EPRA

Heading the European performers in February was TK Developments of Denmark with a gain of 21%. St Modwen jumped 20% after it announced that the value of net assets had increased 20% in the 12 months ended November 2006. Bill Oliver, CEO of the company said that "given that we don't focus of the London market and we don't do prime properties, this increase is quite an achievement." France filled the third and fourth spots with Icade and Unibail both hitting +13%. Belgium industrial player Warehouses De Pauw added 10% to complete the top five. The UK propped up the European performers list with healthcare specialist Assura (formerly Medical Property Investment Fund) falling 16%.

London Merchant Securities was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 1 February following the completion of the £1 billion Derwent Valley offer. The deal creates one of the largest office landlords in London's West End. The total value of Derwent's bid was approximately £2 billion. Derwent Valley is now known as Derwent London as from 1 February. Derwent London finished the month up 7.4%.

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Zitelmann reported that Barbara Knoflach of SEB, one of Germany's largest providers of open-ended property funds, would 'seriously consider' converting its funds into REITs if the draft bill for the re-enacted German Investment Act was ratified in its current form. In addition, Knoflach was quoted as saying that SEB would 'review any option for managing funds in another form than the present one in the future'. On a similar note, HSH Nordbank stated that it planned to convert Hamborner AG into a REIT, provided that it can be completed in a way that is attractive to investors.

In France, the SIIC 4 was approved in December. The new legislation addressed large holders of SIIC shares. Shareholders or shareholders acting in concert are not allowed to own more than 60% of existing SIIC structures as from 1 January 2009. For new SIICs this is effective immediately. In addition, shareholders (non-SIIC or foreign equivalent) who own more than 10% of the share capital will be subject to 20% taxation on distributions as from July 2007.

Metrovacesa and Gecina will split the companies' assets and both controlling shareholders into two vehicles to resolve the struggle for control. As a result, Gecina will once again become an independent company, while the French asset base of Metrovacesa will be significantly reduced. It is expected that the Sanahuja family, owner of 39.6 percent of Metrovacesa will get Gecina assets worth €1.8 billion in addition to raising its holdings in Metrovacesa. On the other hand, Rivero and Soler will receive control of Gecina and €269 million worth of Metrovacesa's Spanish assets. Gecina added 9%, while Metrovacesa (-29%) went into free-fall in February.

Meinl Bank plans to raise as much as €500 million in the IPO of its Airport unit which specializes in buying and operating airports in eastern Europe and Russia. Meinl International Airports wants to list in Vienna in Q1 2007.

North America

Over the Atlantic, US real estate stocks dropped off 2.2% in USD terms in February. On the other hand, EPRA/NAREIT Canada (CAD) hit a positive note during the month, adding 3.2%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended down 1.8% during the month. North America is ahead 6.6% so far in 2007. 36 months rolling volatility in North America is the highest of the three regions, currently standing at 16%.

Country	Feb-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	-1.8	6.6	202.2	24.8
United States (USD)	-2.2	6.2	198.0	24.4
Canada (CAD)	3.2	12.3	185.4	23.3

Source: EPRA

Canadian stocks headed up the North American performers for the second month running. Residential player Boardwalk REIT topped the list after solid fourth quarter results in addition to National Bank raising its view to 'outperform'. Under offer, Sunrise Senior Living added 17% and the other Canadian in the top five - Primaris Retail, gained 12% after its was raised to 'buy' by Desjardins Securities. From the United States, retail focused Mills Corporation and New Plan Excel Realty both gained 15%. On the flip-side, Cousins Properties held up the North America list (-11%).

Mills Corp, the owner of 38 shopping malls agreed to be acquired by Simon Property and Farallon Capital Management for \$1.64 billion. Mills rejected an earlier offer by Brookfield Asset Management. Simon and Farallon will pay \$25.25 a share in cash, or \$7.9 billion including debt and preferred stock, higher than its earlier bid of \$24 a share. Mills has lost more than a third of its market value in the last 12 months after becoming the subject of a SEC accounting probe and running out of money on its largest ever project - the 104-acre Meadowlands Xanadu shopping and entertainment complex in New Jersey.

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On 22 February, Ventas moved to block Healthcare Properties Investors (HCP) renewing its offer for Sunrise REIT. Ventas maintains that existing agreements prevent either bidder making new offers until May 2008. Ventas Inc, active in the healthcare sector, agreed to buy Sunrise Senior Living REIT for C\$1.14 billion in February to break into the seniors housing market in Canada. Sunrise operates 74 residences in Canada and the US. Potentially this is the second deal in six months for Ventas with a Canadian company, following its purchase of 67 medical and seniors housing properties from the Reichmann family. Ventas added 10%, conversely HCP fell 11% during the month.

Centro Properties Group, Australia's second largest shopping centre owner, agreed to purchase New Plan Excel realty Trust for \$3.7 billion in cash. The deal will make Centro the fifth largest mall owner in the US. The deal will be Centro's sixth deal in the US since 2003. Centro has transformed from an operator of regional malls in Australia to an international shopping mall owner.

Blackstone Group's increased offer of \$55.5 per share was approved by Equity Office shareholders in February. Chicago based Equity Office owned, or had interests in 580 offices, from New York and Washington to Los Angeles. Subsequently, Equity Office was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 12 February. In the six months to the completion of the deal, Equity Office shares jumped 50%.

Truststreet Properties was deleted from the FTSE EPRA/NAREIT Global Real Estate Index following the completion of its takeover by General Electric Corp. The \$17.05 deal, valued at approximately \$3 billion was completed on 26 February. The stock was deleted from the index on 27 February.

Cominar's offer of \$18.50 for a maximum \$138.75 million Alexis Nihon shares expired on 22 February. As the conditions of the offer were not satisfied, Cominar decided to terminate the offer. Alexis Nihon finished 1.5% down in February with Cominar up 5.7%.

To complete the corporate actions in February for the region, Hospitality Properties Trust span-off Travelcenters of America on the first day of the month, and BNP Residential repaid shareholders \$0.17 on the final day of February.

The 1st of March will see both Columbia Equity Trust and BNP Residential deleted from the FTSE EPRA/NAREIT Global Real Estate Index following the completion of takeover offers by JP Morgan and Babcock & Brown respectively.

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Wednesday 7th 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 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 28 February, there were a total of 331 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 28-Feb	Div Yld (%) 28-Feb	Total Rtn (%) QTD	Total Rtn (%) Feb-07	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	2,987.45	2.89	5.38	- 0.92	5.38	11.97
Asia	EUR	2,190.00	2.66	8.28	2.22	8.28	12.42
Europe	EUR	3,815.25	2.02	- 1.03	- 0.58	- 1.03	10.78
North America	EUR	3,505.54	3.49	6.37	- 3.36	6.37	15.97
Global Ex-Asia	EUR	3,542.57	3.01	3.92	- 2.48	3.92	13.15
Global Ex-Europe	EUR	2,769.22	3.13	7.24	- 1.01	7.24	13.35
Global Ex-North America	EUR	2,814.75	2.41	4.49	1.12	4.49	10.47
Asia	EUR	2,190.00	2.66	8.28	2.22	8.28	12.42
Pure Asia	EUR	2,266.57	2.20	8.87	2.74	8.87	13.01
Japan	JPY	4,427.47	0.83	18.27	7.28	18.27	23.30
Australia	AUD	3,035.01	5.14	1.89	- 0.66	1.89	8.98
Pure Australia	AUD	3,164.98	0.83	- 0.21	- 0.40	- 0.21	9.61
Hong Kong	HKD	1,965.04	2.16	2.31	- 1.06	2.31	18.06
Singapore	SGD	2,087.06	2.31	11.43	5.19	11.43	16.76
New Zealand	NZD	1,583.22	5.41	1.30	- 0.64	1.30	-NA-
Europe	EUR	3,815.25	2.02	- 1.03	- 0.58	- 1.03	10.78
Europe Net Index	EUR	2,394.64	1.52	- 1.04	- 0.58	- 1.04	-NA-
Euro Zone	EUR	4,256.88	2.27	5.94	2.32	5.94	11.05
Euro Zone Net Index	EUR	2,567.75	1.70	5.91	2.31	5.91	-NA-
Europe Ex UK	EUR	4,366.38	2.23	5.46	1.64	5.46	11.04
Europe Ex UK Net Index	EUR	4,291.34	1.67	5.44	1.64	5.44	11.13
Europe Liquid 40	EUR	3,777.07	1.98	- 1.69	- 0.41	- 1.69	11.47
Europe Liquid 40 Net Index	EUR	3,713.82	1.49	- 1.70	- 0.41	- 1.70	-NA-
Europe Liquid 40 Ex UK	EUR	4,691.09	2.29	6.26	2.45	6.26	11.74
Europe Liquid 40 Ex UK Net Index	EUR	4,541.20	1.72	6.23	2.45	6.23	-NA-
UK	EUR	3,358.57	1.77	- 7.78	- 3.08	- 7.78	13.46
UK Net Index	EUR	2,222.19	1.33	- 7.78	- 3.09	- 7.78	-NA-
Netherlands	EUR	3,820.70	3.82	4.90	1.34	4.90	12.78
France	EUR	5,463.88	2.01	9.57	7.97	9.57	15.37
Austria	EUR	2,121.02	-	6.55	- 1.18	6.55	6.92
Sweden	EUR	5,175.93	3.10	2.25	- 1.16	2.25	21.35
Germany	EUR	1,724.39	1.82	- 1.55	- 4.69	- 1.55	19.04
Switzerland	EUR	1,939.07	1.35	- 0.30	- 3.42	- 0.30	10.69
Belgium	EUR	2,321.40	5.22	4.61	1.64	4.61	8.31
Italy	EUR	5,748.41	1.70	2.50	0.78	2.50	18.10
Denmark	EUR	723.79	0.21	9.92	11.79	9.92	39.99
Finland	EUR	6,054.26	2.93	9.55	5.29	9.55	19.30
Poland	EUR	2,309.35	-	14.32	- 6.08	14.32	-NA-
UK	GBP	3,658.17	1.77	- 7.75	- 1.60	- 7.75	14.07
UK Net Index	GBP	1,917.95	1.33	- 7.75	- 1.60	- 7.75	-NA-
Switzerland	CHF	1,959.93	1.35	- 0.08	- 3.92	- 0.08	11.28
Sweden	SEK	5,633.76	3.10	5.03	1.18	5.03	21.57
Denmark	DKK	725.92	0.21	9.89	11.72	9.89	40.04
Poland	PLN	2,794.64	-	16.79	- 6.10	16.79	-NA-
Nth America	USD	4,419.83	3.49	6.55	- 1.76	6.55	16.09
United States	USD	4,379.70	3.44	6.15	- 2.21	6.15	16.44
Canada	USD	5,364.41	4.05	11.41	3.94	11.41	13.68

Source: EPRA

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