



January 2007

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index performed strongly (+6.4%) for the seventh consecutive month in January. To recap, Global real estate finished 2006 well ahead (+27.3%). In January, the Global Equity market pushed forward 2.5% and Global Bonds remained neutral. The three real estate regions were mixed over the first month of the new year. Europe propped up the group - down 50bps. Asia-Pacific added 5.9% in January and North America jumped 10.1% in an impressive start to 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 18.1% annually, Global Equities advanced 3.5% in comparison, and Global Bonds added 4.5%. As a result, over the total five-year period, Global Real Estate returned 129.6%, Global Equities gained 18.9% and Global Bonds advanced 24.4%.

Asset Classes (EUR)	Jan-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	6.4	6.4	129.6	18.1
Global Equities	2.5	2.5	18.9	3.5
Global Bonds	0.0	0.0	24.4	4.5
Europe Real Estate	-0.5	-0.5	213.5	25.7
N. America Real Estate	10.1	10.1	107.8	15.8
Asia Real Estate	5.9	5.9	124.8	17.6

Source: EPRA/FTSE/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the performance of the countries was positive across the board. Performance ranged from a strong push of 10.2% for EPRA/NAREIT Japan (JPY), to a tamer 1.9% for EPRA/NAREIT New Zealand (NZD). EPRA/NAREIT Hong Kong (HKD) added 3.4%, EPRA/NAREIT Australia (AUD) gained 2.6% and EPRA/NAREIT Singapore (JPY) ended the month up 5.9%. Asia-Pacific 36 months rolling volatility is 12%.

Country	Jan-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	5.9	5.9	124.8	17.6
Australia (AUD)	2.6	2.6	139.2	19.1
Hong Kong (HKD)	3.4	3.4	139.7	19.1
Japan (JPY)	10.2	10.2	312.8	32.8
Singapore (SGD)	5.9	5.9	167.3	21.7
New Zealand (NZD)	1.9	1.9	-NA-	-NA-

Source: EPRA

Japan dominated Asia-Pacific top performers in January. Nippon Commercial and Nomura Office (+19%) topped the Japanese stocks, followed by office owner ORIX REIT (+18%). Tishman Speyer Office Trust (Australia) added 17%. However, it was actually a Singapore stock that topped the Asian list. Allgreen Properties leapt ahead 28% during the month, after Citigroup raised the company to "buy" status. Shanghai Real Estate (Hong Kong) held up the Asia-Pacific region with a loss of 25%.

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 8% during the month.

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Rounding up the corporate actions in the Asia-Pacific region, Kowloon Development exercised a 1 for 2 rights issue at HKD13.80.

Europe

In January, the EPRA/NAREIT Europe Index dropped back (-50bps) after a poor month for the UK (-6.2%) in January. To recap, Europe completed 2006 49.4% higher. All other major countries in Europe were ahead. EPRA/NAREIT Netherlands forged ahead 3.5%, EPRA France continued its excellent run (+1.5%) and EPRA/NAREIT Sweden gained +3.8%. Broad European volatility stands at approximately 11%, the lowest of the three regions.

Country	Jan-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-0.5	-0.5	213.5	25.7
UK (GBP)	-6.2	-6.2	203.7	24.9
Netherlands (EUR)	3.5	3.5	208.9	25.3
France (EUR)	1.5	1.5	354.7	35.4
Sweden (SEK)	3.8	3.8	288.6	31.2

Source: EPRA

Heading the European and Global performers in January was Global Trade of Poland. The Polish developer added 24% in January. Lamda Development (Greece) added 19%, followed by Hufvudstaden (Sweden), Eurocommercial Properties (both +12%) and Silic (+10%). UK propped up the European performers list with retail specialist Town Centre Securities pulling back 13%.

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 will be known as Derwent London as from 1 February. Derwent Valley finished the month down 7%.

The Commerce Committee of the Finnish parliament issued a positive statement on Finnish REITs in January. Both KTI and RAKLI who have been lobbying for the introduction of a REIT structure view the statement positively. At this stage, we have no further information.

In Germany, the Upper House Finance Committee presented two major comments on the draft G-REIT legislation. Firstly, they advised the Government to include residential real estate in the legislation, and secondly the committee wants to introduce a 3.5% transfer tax in addition to the reduced exit tax on capital gains of 20%. The 3.5% transfer tax is meant to compensate local authorities who would lose out under the current draft. The final legislation is expected in Q2 2007.

Italian REIT legislation looks set to move ahead in 2007. Italian budget law states that the Italian REIT will come into force on 30 June. Under the model for Società di Investimento Immobiliare Quotate (SIQs), based on the French SIIC, there are no limits on gearing or external management. The main criteria are: exit tax of 20%, 85% distribution of income, largest shareholder may only hold 51% and 35% of the shares must be held by shareholders with a maximum stake of 1%. Although the fine details have yet to be worked out, the government has as yet placed no limitations on the incorporation of residential into the REIT structure.

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.

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Rounding up the corporate actions in Europe in January, Sponda completed a 2 for 5 rights issue at €7.80, and Insight Foundation Property Trust changed its name to Invista Foundation Property Trust.

North America

Over the Atlantic, US real estate stocks jumped 8.6% in USD terms in January. Additionally, EPRA/NAREIT Canada (CAD) hit a positive note during the month, adding 8.7%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended up 8.5% during the month. To recap, North America added an impressive 36.3% for 2006. 36 months rolling volatility in North America is the highest of the three regions, currently standing at 16%.

Country	Jan-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	8.5	8.5	214.0	25.7
United States (USD)	8.6	8.6	211.1	25.5
Canada (CAD)	8.7	8.7	185.8	23.4

Source: EPRA

Canadian stocks headed up the North American performers. Sunrise Senior Living jumped 40% after it announced a takeover bid by Ventas. IPC US REIT and Brookfield Properties gained 19%. From the United States, Associated Estates added 19% and General Growth Properties gained 18%. On the flip-side, Northern Property REIT of Canada held up the North America list (-8%).

Ventas Inc, active in the healthcare sector, agreed to buy Sunrise Senior Living REIT for C\$1.14 billion to break into the seniors housing market in Canada. Ventas will pay C\$15 a share in cash for Toronto based Sunrise. Sunrise operates 74 residences in Canada and the US. This is the second deal in five months for Ventas with a Canadian company, following its purchase of 67 medical and seniors housing properties from the Reichmann family. Sunrise jumped 40% in January on the back of the bid.

Sam Zell's Equity Office will hold a shareholder vote on 5 February for its \$38.3 billion buyout offer from Blackstone Group. Blackstone Group increased its original offer of \$48.50 to \$54 per share, following a \$52 cash and stock proposal from Vornado Realty Trust. Chicago based Equity Office owns, or has interests in 580 offices, from New York and Washington to Los Angeles. EOP reaffirmed its support of the Blackstone buyout in the light of Vornado Realty Trust's rival bid. Equity Office jumped 15% during the month. Vornado Realty crept on 70bps.

Alexis Nihon REIT announced that it has amended the previously announced combination agreement with Cominar REIT to provide for an increase in the consideration under the cash component of Cominar's offer from \$17 to \$18.50 per Alexis Nihon share. Other components of the deal remain unchanged. The cash offer has been extended and expires on 22 February. Alexis Nihon added 10% in January with Cominar just behind at +7%.

SL Green completed its \$4.5 billion acquisition of Reckson Associates in January. The deal widens SL Green's lead as the largest office landlord in Manhattan. Reckson Associates was deleted from the FTSE EPRA/NAREIT Global Real Estate Index with effect from 26 January. Reckson paid shareholders a special dividend payment of 29 cents on 24 January. SL Green finished January 10% better off.

Global Signal was deleted from the FTSE EPRA/NAREIT Global Real Estate Index following the completion of its merger with Crown Castle International. The deletion was effective on 16 January. The deal valued Global Signal at US\$3.9 billion.

Geo Group completed its purchase of CentraCore Properties Trust during the month. CentraCore Properties was deleted from the FTSE EPRA/NAREIT Global Real Estate

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Index effective 25 January. CentraCore Properties owned 13 correctional facilities totaling just under nine thousand beds.

The Public Sector Pension Investment Board (PSPIB) completed its acquisition of Retirement Residences REIT in January. The PSPIB paid C\$8.35 per share valuing Retirement REIT at C\$2.75 billion. Retirement REIT owned 223 retirement and long term care facilities, including 40 facilities in select United States markets. Retirement REIT was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 26 January.

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 31 January, there were a total of 334 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-Jan	Div Yld (%) 31-Jan	Total Rtn (%) QTD	Total Rtn (%) Jan-07	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	3,015.27	2.86	6.36	6.36	6.36	11.86
Asia	EUR	2,142.37	2.72	5.93	5.93	5.93	12.43
Europe	EUR	3,837.32	2.03	0.46	0.46	0.46	11.04
North America	EUR	3,627.28	3.34	10.06	10.06	10.06	15.65
Global Ex-Asia	EUR	3,632.82	2.93	6.56	6.56	6.56	12.89
Global Ex-Europe	EUR	2,797.38	3.09	8.33	8.33	8.33	13.23
Global Ex-North America	EUR	2,783.47	2.45	3.33	3.33	3.33	10.58
Asia	EUR	2,142.37	2.72	5.93	5.93	5.93	12.43
Pure Asia	EUR	2,206.17	2.25	5.97	5.97	5.97	13.02
Japan	JPY	4,126.88	0.87	10.24	10.24	10.24	23.27
Australia	AUD	3,055.17	5.10	2.57	2.57	2.57	8.98
Pure Australia	AUD	3,177.75	0.87	0.19	0.19	0.19	9.56
Hong Kong	HKD	1,986.18	2.13	3.41	3.41	3.41	18.22
Singapore	SGD	1,984.05	2.35	5.93	5.93	5.93	16.90
New Zealand	NZD	1,593.36	5.38	1.95	1.95	1.95	-NA-
Europe	EUR	3,837.32	2.03	0.46	0.46	0.46	11.04
Europe Net Index	EUR	2,408.56	1.52	0.47	0.47	0.47	-NA-
Euro Zone	EUR	4,160.40	2.31	3.54	3.54	3.54	11.16
Euro Zone Net Index	EUR	2,509.71	1.73	3.52	3.52	3.52	-NA-
Europe Ex UK	EUR	4,295.78	2.26	3.75	3.75	3.75	11.10
Europe Ex UK Net Index	EUR	4,222.19	1.70	3.74	3.74	3.74	11.20
Europe Liquid 40	EUR	3,792.70	2.01	1.28	1.28	1.28	11.84
Europe Liquid 40 Net Index	EUR	3,729.18	1.51	1.29	1.29	1.29	-NA-
Europe Liquid 40 Ex UK	EUR	4,579.01	2.35	3.72	3.72	3.72	11.84
Europe Liquid 40 Ex UK Net Index	EUR	4,432.71	1.76	3.70	3.70	3.70	-NA-
UK	EUR	3,465.48	1.77	4.85	4.85	4.85	13.87
UK Net Index	EUR	2,292.93	1.33	4.85	4.85	4.85	-NA-
Netherlands	EUR	3,770.00	3.81	3.50	3.50	3.50	12.94
France	EUR	5,060.66	2.17	1.49	1.49	1.49	15.21
Austria	EUR	2,146.40	0.08	7.82	7.82	7.82	6.80
Sweden	EUR	5,236.76	3.13	3.46	3.46	3.46	21.21
Germany	EUR	1,809.19	1.63	3.29	3.29	3.29	18.53
Switzerland	EUR	2,007.77	1.30	3.24	3.24	3.24	10.36
Belgium	EUR	2,283.99	5.30	2.93	2.93	2.93	8.42
Italy	EUR	5,704.13	1.71	1.71	1.71	1.71	18.33
Denmark	EUR	647.46	0.23	1.67	1.67	1.67	39.77
Finland	EUR	5,750.00	3.09	4.05	4.05	4.05	19.25
Poland	EUR	2,458.90	-	21.72	21.72	21.72	-NA-
UK	GBP	3,717.61	1.77	6.25	6.25	6.25	14.30
UK Net Index	GBP	1,949.11	1.33	6.25	6.25	6.25	-NA-
Switzerland	CHF	2,039.81	1.30	3.99	3.99	3.99	10.90
Sweden	SEK	5,568.00	3.13	3.80	3.80	3.80	21.87
Denmark	DKK	649.76	0.23	1.64	1.64	1.64	40.24
Poland	PLN	2,976.19	-	24.38	24.38	24.38	-NA-
North America	USD	4,498.86	3.34	8.46	8.46	8.46	15.92
United States	USD	4,478.70	3.28	8.55	8.55	8.55	16.23
Canada	USD	5,161.13	4.16	7.19	7.19	7.19	13.68

Source: EPRA

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