



October 2007

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index picked up for the third consecutive month in October. The index gained 80bps further recovering ground lost mid-year. Global equity markets (+150bps) headed up, while the bond market added 70bps. Asia-Pacific real estate continued its good run this year. The region added 3.2% in October, driven by gains in the Hong Kong market. Unfortunately this performance was not matched in European or North American real estate markets. Europe lost 2% during the month and North America ended 40bps down. Year to date the Asia-Pacific region is 17.9% ahead. Both North American (-9.9%) and European (-21.3%) real estate 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 19.3% annually, Global equities advanced 11.6% in comparison, and Global bonds added 3.6%. As a result, over the total five-year period, Global real estate returned 142%, Global equities gained 73% and Global bonds advanced 19%.

Asset Classes (EUR)	Oct-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	0.8	-3.1	142.0	19.3
Global Equities	1.5	7.7	73.2	11.6
Global Bonds	0.7	3.0	19.3	3.6
Europe Real Estate	-2.0	-21.3	153.6	20.5
N. America Real Estate	-0.4	-9.9	102.3	15.1
Asia Real Estate	3.2	17.9	196.1	24.3

Source: EPRA/FTSE/JP Morgan

Asia-Pacific

In the Asia-Pacific region, the performance of the countries was mixed during the month. Performance ranged from an impressive jump of 11.7% for EPRA/NAREIT Hong Kong (HK\$), to a fall of 3.9% for EPRA/NAREIT Singapore (SG\$). EPRA/NAREIT New Zealand (NZ\$) added 70bps, EPRA/NAREIT Japan (JPY) crept up 10bps and EPRA/NAREIT Australia (A\$) finished 20bps in the red. Asia-Pacific 36 months rolling volatility is 12%, the lowest of the three regions.

Country	Oct-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	3.2	17.9	196.1	24.3
Australia (AUD)	-0.2	5.4	145.7	19.7
Hong Kong (HKD)	11.7	60.3	383.3	37.0
Japan (JPY)	0.1	8.0	262.9	29.4
Singapore (SGD)	-3.9	23.6	365.7	36.0
New Zealand (NZD)	0.7	-2.8	-NA-	-NA-

Source: EPRA

Not surprisingly, Hong Kong heads up the top performers. In fact 11 of the top 20 global performers were Hong Kong listed stocks. On top of the Asian and Global performers in October was New World Development (+29%) after the company announced that full year net income had quadrupled, beating analysts' expectations, after the IPO of its Chinese retail unit. Sino Land jumped 24%, New World China and Kowloon Development both gained 21%, and China Resources finished the month 20% higher. At the bottom end Singapore based Allgreen Properties (-18%) reacted badly after the government scrapped a mortgage deferred payment plan offered by developers. The move is the latest in a series of steps to ease the gains on property prices.

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

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July, with only a limited chance of a superior offer emerging. Multiplex will be deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 2 November.

Centro Shopping America Trust and Centro Retail Trust completed their merger in October. The merged company will manage approximately A\$10 billion (US\$8.9 billion) of centres. CEO Andrew Scott has overseen eight US acquisitions in the past four years, transforming Centro Properties from an operator of regional malls in Australia into a international mall owner. Centro Retail now holds 460 shopping centres across 39 US and Australian states.

Industrial & Infrastructure Fund (IIF) went public on the Tokyo exchange on 18 October. The listing is the first J-REIT focused on factories, laboratories and infrastructure as well as logistic properties. The initial portfolio is nine properties valued at approximately JPY66 billion. IIF competes with AMB Property, Japan Logistics Fund and Prologis. The IPO was not large enough to qualify under the fast track rule of the FTSE EPRA/NAREIT Global Real Estate Index.

Property prices in Hong Kong, one of the world's most expensive cities for luxury homes, are advancing as record stock prices and a four year economic expansion boost buying power. In addition, mainland Chinese businessmen looking across the border for property investments are also feeding demand. In China, property prices in 70 of China's largest cities jumped 8.2 percent on average compared against 12 months ago according to the National Development and Reform Commission. Prices for Shenzhen, which borders Hong Kong, increased at more than twice that pace.

Sun Hung Kai Properties plans to raise HK\$10.9 billion by selling new shares to investors. Investors will be offered 72.5 million shares at HK\$150.75 per share. The company plans to use the proceeds of the share sale to fund property development and investment projects, particularly in mainland China. Chairman Walter Kwok said in September that he wanted to increase investment in China up to around HK\$77 billion in the next years. This equates to approximately 30% of the company's assets.

Zhong An Real Estate is aiming to raise as much as HK\$3.4 billion (US\$438 million) in an IPO. The company plans to sell 543 million shares at HK\$5 to HK\$6.25. Hong Kong IPOs of nine Chinese real estate companies have raised around US\$8 billion so far this year, more than twice the combined amount raised from the last eight years.

Mapletree Investments plans to list a Singapore based REIT with up to US\$2.4 billion of properties in the next six months according to CEO Hiew Yoon Khong. Properties may include VivoCity, Singapore's largest mall and St. James Power Station, an entertainment and nightclub complex.

CapitaMall Trust may raise as much as SG\$500 million (US\$344 million) in a share sale to pay down debt and fund acquisitions. Singapore's largest REIT plans to reduce its debt to 33 percent of assets, down from 41%, allowing the trust to borrow more as it seeks to expand its shopping mall base in Singapore. REITs in Singapore are allowed to borrow up to 60% percent of assets.

Rounding up the corporate actions in the Asia-Pacific region for October, Centro Shopping America repaid A\$0.0029 to shareholders and Hopson Development changed its free float percentage to 40%.

Europe

In October, the EPRA/NAREIT Europe Index fell back again (-2%). The heavily weighted UK market fell 3.6%, with France (-4%) actually falling a little further. Better results in Continental Europe dampened the overall effect on the aggregate return. The Netherlands (+1.1%) picked up for the third month running, and Sweden posted a 2% gain. All European countries remain on negative territory year to date. The UK (-28%) is most affected, followed by France (-10.2%), Sweden (-8.4%), and the Netherlands (-6%). At a composite level, EPRA/NAREIT Europe Index is down 21.3%. Broad European volatility stands at approximately 14%.

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Country	Oct-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-2.0	-21.3	153.6	20.5
UK (GBP)	-3.6	-28.2	141.4	19.3
Netherlands (EUR)	1.1	-6.0	158.8	20.9
France (EUR)	-4.0	-10.2	281.2	30.7
Sweden (SEK)	2.0	-8.4	267.5	29.7

Source: EPRA

Heading the European performers in October was UK listed investor Plaza Centers (+25%). Plaza announced that it had formed a venture to build offices and apartments in Romania. German diversified investor IVG jumped 19%. Unite Group and Mucklow both added 15%, and Shaftesbury gained 14%. Colonia Real Estate of Germany ended the month at the bottom of the European performers, down 24%.

Alstria Office registered as a German REIT in October, the first company to do so. The company also changed its name to Alstria Office REIT. The tax exemption that REIT status entitles Alstria Office REIT to will be effective as at 1 January 2007. IVG is also aiming for REIT status at the beginning of 2008, with a value in the region of €3.5 billion.

Jan de Kreij, CEO of Corio said that the company may invest approximately US\$500 million in six Turkish shopping centres and other projects, double the amount it's invested so far in the country. The company plans to develop shopping centres in cities including Istanbul in order to capitalise on the increase in consumer spending fuelled by the country's growing population. De Kreij added, "From demographic and consumer spending points of view, Turkey looks very attractive."

Workspace Group, SME specialist landlord in southeast England advanced 7% in October after Jack Petchey announced that he owns around 21% of the UK REITs shares. The stake was built through Petchey's investment company Trefick Ltd. In September, Trefick disclosed that it owned 29% of Teesland Advantage Property Trust.

In its EGM held on 1 October, Town Centre Securities approved new articles of association to operate under UK REIT legislation. The company's conversion means that there are now a total of 17 UK REITs, 15 of which are constituents of the FTSE EPRA/NAREIT Global Real Estate Index.

Italian REITs are expected to begin trading on the Milan stock exchange in spring 2008 according to the exchange. The Italian government recently approved measures for the introduction of REIT legislation, although market players are still waiting for publication in the government's Gazzetta Ufficiale. The exchange believes that there are approximately 50 potential groups that could list as Italian REITs (or SIQs).

French retailer Casino plans to sell stores, warehouses and shopping centres worth approximately €650 million in order to focus on its core business. A partnership which includes BNP Paribas will takeover 255 French shops the company said in a statement. Carrefour is also spitting property from their core operating businesses so they can benefit from tax advantages and show the land's full value on their books. The shops to be transferred to AEW Immocommercial are worth €455 million.

There is potentially a lot of activity in the Russian market going forward. The FT stated that as much as US\$50 billion of Russian real estate assets could go public within the next twelve months as the country's economic boom lifts property values. Citing bankers, the FT said that most IPOs would seek dual listings in Moscow and London. The companies that may sell shares include: Stroyinkom-K, Don-Stroi, DVI Group, ST Group Region, RosEuroDevelopment, which is partly owned by Morgan Stanley, and LenSpetsSmu Holding.

The UK Balanced Property Trust announced in October that shareholders had voted to place the company into voluntary liquidation. The terminal asset value of the company was

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166.83p per share. Shareholders could elect whether to take cash or rollover their shares into the F&C Commercial Property Trust. The UK Balanced Trust was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 19 October.

Westbury Property Fund agreed to buy UK trucking company Eddie Stobart for £138 million. The Guernsey based company agreed to sell the majority of its property portfolio for £142 million to quit the property sector. Subsequently Westbury changed its name to Stobart Group on 3 October and due to its change in strategy was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 9 October.

North America

Over the Atlantic, US real estate stocks ended up 1.4% in USD terms in October, however north of the border EPRA/NAREIT Canada (CAD) fell 3.9%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended 1.4% higher over the month. At the end of October, North America is 1.2% down for the year. 36 months rolling volatility in North America remains the highest of the three regions at 16%.

Country	Oct-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	1.4	-1.2	195.5	24.2
United States (USD)	1.4	-2.6	189.4	23.7
Canada (CAD)	-3.9	-5.0	138.6	19.0

Source: EPRA

The United States dominated the North American performers list in October. US Lodging/Resorts fared well in October, with Orient Express Hotels topping the North America performers. Orient Express jumped 26% following takeover speculation. Another lodging/resort company Diamondrock Hospitality added 10%. Digital Realty Trust added 11%, followed by AMB Property and Omega Healthcare who both advanced 10% to complete the top five. US based Winthrop Realty dropped 19% to shore up the North American constituents.

Hamid Moghadam, CEO of AMB Property said that the company intends investing in China, Singapore, Korea, India and Japan. Moghadam said, "In terms of new activity, Asia represents a very significant focus – we expect the market to be a very significant contributor to our annual activity." The world's second largest industrial REIT plans to raise as much as US\$4 billion in Asia next year to invest in the region's growing market for warehouses and shipping sites.

DuPont Fabros Technology entered the FTSE EPRA/NAREIT Global Real Estate Index as at 22 October. The REIT was included in the index with a 50% free float weighting. The Washington based developer of specialist data centers boasts clients such as Microsoft and Google. DuPont Fabros is classified as 'specialty' for index purposes.

Tishman Speyer Properties and Lehman Brothers Holdings agreed to buy residential player Archstone-Smith in May. The deal was worth US\$60.75 per share with a total transaction value of US\$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 was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 8 October.

Whitehall completed its purchase of Equity Inns for US\$23 per share. The total size of the deal was US\$2.2 billion. Equity Inns was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 26 October.

Republic Property shareholders approved the merger proposal with Liberty Property Trust on 27 September. Over 99% of the total shares that were voted were in favour of the deal, representing approximately 60.5% of the total number of common shares. Under the terms of the transaction, Republic's shareholders will receive US\$14.70 per

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share. The total estimated value of the merger is US\$800 million. Republic was deleted from the FTSE EPRA/NAREIT Global Real Estate Index on 5 October.

Canadian Hotel Trusts (CHIP REIT) was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 1 October. The deletion follows the successful take over offer by British Columbia Investment Management Corp which placed a total transaction value on CHIP REIT of approximately C\$1.2 billion. Shareholders received C\$19.10 per unit representing a 34% premium over the closing price of CHIP REIT on 31 July.

The next round of FTSE EPRA/NAREIT Global Real Estate Index quarterly reviews will be held on Wednesday 12th December. 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.

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 296 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-Oct	Div		Total		Total		36 Mths Vlty (%)
			Yld (%) 31-Oct	Rtn (%) QTD	Rtn (%) Oct-07	Rtn (%) YTD			
Global	EUR	2,747.72	3.29	0.84	0.84	-	3.08	12.38	
Asia	EUR	2,384.52	2.63	3.17	3.17	-	17.90	12.17	
Europe	EUR	3,032.08	3.13	- 1.96	- 1.96	-	21.35	14.74	
North America	EUR	2,968.01	4.10	- 0.37	- 0.37	-	9.94	16.34	
Global Ex-Asia	EUR	2,937.69	3.78	- 0.85	- 0.85	-	13.83	14.46	
Global Ex-Europe	EUR	2,643.28	3.33	1.50	1.50	-	2.36	12.94	
Global Ex-North America	EUR	2,746.51	2.78	1.54	1.54	-	1.96	11.52	
Asia	EUR	2,384.52	2.63	3.17	3.17	-	17.90	12.17	
Pure Asia	EUR	2,457.60	2.17	3.11	3.11	-	18.05	12.82	
Japan	JPY	4,041.18	1.08	0.12	0.12	-	7.95	23.52	
Australia	AUD	3,139.86	5.35	- 0.22	- 0.22	-	5.41	10.98	
Pure Australia	AUD	3,258.37	5.27	- 0.86	- 0.86	-	2.73	11.31	
Hong Kong	HKD	3,079.12	1.51	11.73	11.73	-	60.32	18.79	
Singapore	SGD	2,314.83	2.18	- 3.86	- 3.86	-	23.59	18.73	
New Zealand	NZD	1,519.48	5.71	0.69	0.69	-	2.78	-NA-	
Europe	EUR	3,032.08	3.13	- 1.96	- 1.96	-	21.35	14.74	
Europe	EUR	2,299.52	-	- 2.29	- 2.29	-	23.36	14.90	
Euro Zone	EUR	3,445.08	3.55	- 1.51	- 1.51	-	14.27	14.67	
Euro Zone	EUR	2,451.52	-	- 2.05	- 2.05	-	16.66	14.91	
Europe Ex UK	EUR	3,614.55	3.59	- 0.86	- 0.86	-	12.70	14.57	
Europe Ex UK	EUR	2,602.66	-	- 1.31	- 1.31	-	15.19	14.78	
Europe Liquid 40	EUR	2,967.83	3.05	- 1.77	- 1.77	-	22.75	15.58	
Europe Liquid 40	EUR	2,196.89	-	- 2.15	- 2.15	-	24.74	15.77	
Europe Liquid 40 Ex UK	EUR	3,881.14	3.62	- 0.89	- 0.89	-	12.09	15.17	
Europe Liquid 40 Ex UK	EUR	2,681.48	-	- 1.48	- 1.48	-	14.74	15.47	
UK	EUR	2,531.68	2.52	- 3.36	- 3.36	-	30.49	17.75	
UK	EUR	2,012.87	-	- 3.53	- 3.53	-	32.03	17.84	
Netherlands	EUR	3,423.57	5.16	1.06	1.06	-	6.01	15.40	
France	EUR	4,478.36	3.40	- 3.98	- 3.98	-	10.19	18.41	
Austria	EUR	1,541.73	2.22	- 1.51	- 1.51	-	22.55	13.03	
Sweden	EUR	4,547.35	6.01	2.01	2.01	-	10.16	24.02	
Germany	EUR	1,322.04	2.96	3.11	3.11	-	24.52	21.31	
Switzerland	EUR	1,749.80	1.94	- 0.48	- 0.48	-	10.03	12.19	
Belgium	EUR	2,067.61	5.94	1.65	1.65	-	6.82	10.68	
Italy	EUR	3,932.01	2.18	- 2.15	- 2.15	-	29.89	22.68	
Denmark	EUR	728.15	-	- 2.00	- 2.00	-	10.59	42.30	
Finland	EUR	5,054.77	3.42	0.01	0.01	-	8.53	21.10	
Poland	EUR	2,731.80	-	12.75	12.75	-	35.23	-NA-	
UK	GBP	2,849.07	2.52	- 3.58	- 3.58	-	28.15	17.95	
UK	GBP	2,265.51	-	- 3.75	- 3.75	-	29.74	18.05	
Switzerland	CHF	1,838.46	1.94	0.45	0.45	-	6.27	12.95	
Sweden	SEK	4,914.38	6.01	2.04	2.04	-	8.38	24.54	
Denmark	DKK	730.45	-	- 2.01	- 2.01	-	10.57	42.35	
Poland	PLN	3,065.48	-	8.51	8.51	-	28.11	-NA-	
Nth America	USD	4,098.56	4.10	1.36	1.36	-	1.19	15.16	
United States	USD	4,017.83	4.00	1.43	1.43	-	2.62	15.61	
Canada	USD	5,606.50	5.11	0.52	0.52	-	16.44	12.48	

Source: EPRA

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