



September 2007

FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index picked up for the second consecutive month in September. The index gained 1.6% further recovering ground on the back of a number of poor months. Global equity markets (+100bps) crept up, while the bond market added 10bps. Two of the three real estate regions were all ahead during the month. Asia-Pacific (+6.7%) forged ahead, while North America (+30bps) just made positive ground. Europe posted a negative 5.3% during the month. Year to date the Asia-Pacific region is 14.3% ahead. Both North American (-9.6%) and European (-19.8%) 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 18.8% annually, Global equities advanced 12.8% in comparison, and Global bonds added 3.4%. As a result, over the total five-year period, Global real estate returned 136%; Global equities gained 83% and Global bonds advanced 18%.

Asset Classes (EUR)	Sep-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	1.6	-3.9	136.2	18.8
Global Equities	1.0	6.0	82.8	12.8
Global Bonds	0.1	2.3	18.2	3.4
Europe Real Estate	-5.3	-19.8	174.2	22.4
N. America Real Estate	0.3	-9.6	93.1	14.1
Asia Real Estate	6.7	14.3	187.5	23.5

Source: EPRA/FTSE/JP Morgan

Asia-Pacific

In the Asia-Pacific region, the performance of the countries was positive across the board during the month. Performance ranged from an impressive jump of 16.3% for EPRA/NAREIT Hong Kong (HK\$), to a neutral EPRA/NAREIT New Zealand (NZ\$). EPRA/NAREIT Singapore (SG\$) added 10.8%, EPRA/NAREIT Japan (JPY) advanced 6% and EPRA/NAREIT Australia (JPY) finished 2.1% ahead. Asia-Pacific 36 months rolling volatility is 12%, the lowest of the three regions.

Country	Sep-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	6.7	14.3	187.5	23.5
Australia (AUD)	2.1	5.6	148.4	20.0
Hong Kong (HKD)	16.3	43.5	354.2	35.3
Japan (JPY)	6.0	7.8	242.5	27.9
Singapore (SGD)	10.8	28.6	418.8	39.0
New Zealand (NZD)	0.0	-3.4	-NA-	-NA-

Source: EPRA

Not surprisingly, Hong Kong heads up the top performers. In fact 11 of the top 20 performers in Asia-Pacific were Hong Kong stocks. On top of the Asian and Global performers in September was Kowloon Development (+27.5%). Hong Kong based Sun Hung Kai Properties (+26%), Hang Lung Properties (+22%), China Resources Land and Great Eagle Holding (both +20%) completed the top five. At the bottom end Australian retail player Centro Properties fell 10%.

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 again to 31 October. In an announcement made to the ASX on 26 September, Brookfield stated that it held 52.88% of Multiplex shares. Multiplex added 40 bps in September to end the month at A\$5.01 per share.

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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. The Hong Kong Housing Authority's strategic planning committee agreed to return a prime waterfront site to the government for sale to private developers. According to the South China Morning Post, the committee took into consideration the best use of the land. Some surveyors estimate that the land is worth in the region of US\$2 billion.

The Hong Kong Times stated that Swire Pacific plans to raise US\$500 million by spinning off a Hong Kong shopping mall into a REIT. The mall is the Festival Walk mall in the Kowloon Tong district. The spin off is expected before the end of the year. According to the report, HSBC Holdings, UBS and Goldman Sachs have been appointed as sponsors of the deal.

Staying in Hong Kong, Guangzhou Hong-Yu Group, a Chinese developer said that it may raise over US\$1 billion in a Hong Kong IPO in 2008. Chinese developers are returning to the equity markets for funding after the fourth interest rate hike since March. In September, three other Chinese developers came to the market: Sino-Ocean Land Holdings, SOHO China and Aoyuan. None of the IPOs met the requirements to fast track the FTSE EPRA/NAREIT Global Real estate Index.

Singapore based CapitaLand may start developing in Japan according to Japanese director, Tan Lai Seng to take advantage of the recovery in the country's property market. CapitaLand would work with local partners to start initial projects in larger cities like Tokyo, Osaka and Fukuoka.

Country Garden Holdings (Hong Kong) was added to the FTSE EPRA/NAREIT Global Real Estate Index as at 24 September under the quarterly review process. Country Garden entered the index with a 20% free float banding. On the other side, Japanese listed Shoei Co was deleted after failing the minimum market capitalisation criteria.

Rounding up the corporate actions in the Asia-Pacific region for September, Heiwa Real Estate repaid JPY2 to shareholders.

Europe

In September, the EPRA/NAREIT Europe Index fell back again (-5.3%) following a reprieve last month. The heavily weighted UK market fell 7.7%, but less depressing results in Continental Europe dampened the overall effect on the aggregate return. The Netherlands (+40bps) picked up for the second month running, and France posted a 1.7% gain. All European countries remain on negative territory year to date. The UK (-26%) is most affected, followed by Sweden (-10.2%), the Netherlands (-7.0%) and France (-6.5%). At a composite level, EPRA/NAREIT Europe Index is down 20%. Broad European volatility stands at approximately 14%.

Country	Sep-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-5.3	-19.8	174.2	22.4
UK (GBP)	-7.7	-25.5	165.1	21.5
Netherlands (EUR)	0.4	-7.0	182.1	23.1
France (EUR)	1.7	-6.5	306.9	32.4
Sweden (SEK)	-2.8	-10.2	283.4	30.8

Source: EPRA

Heading the European performers in September was UK healthcare investor Assura (21%). German residential investor Deutsche Wohnen jumped 17% following a number of poor months. Icade (France) added 14%, Globe Trade Center (Poland) moved up 12% and Societe de la Tour Eiffel strengthened 10%. Capital & Regional Properties ended at the bottom of the European performers, down 20%.

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Both Segro and Land Securities Group are reviewing their company structure. Ian Coull, Segro's CEO, said that the company was always looking at ways of expanding the business and setting up funds. Meanwhile, Francis Salway, CEO of Land Securities Group said that in carrying out the review the company will ensure that it has the optimal structure for creating long term shareholder value.

French supermarket owner Carrefour reiterated its 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.

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. Freeport was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 7 September.

The UK Balanced Property Trust announced in September that it will convene two extraordinary general meeting to be held on 12 and 17 October to vote on the winding up and reconstruction of the company. The proposals are:

- Shareholders can rollover their investment in a tax efficient manner into the F&C Commercial Property Trust;
- Shareholders can realise their investment for cash;
- Or, shareholders can take a combination of the above options.

F&C Commercial Property Trust held an EGM on 28 September to vote on the continuation of the company. The ordinary resolution to continue was passed, proxies were received in respect of 80.40% of the issued share capital and 95% voted in favour of the resolution, 0.15% abstained and 4.85% voted against the resolution. Peter Niven, Chairman of the company commented, "We are particularly pleased that, in these more turbulent times for UK commercial property, shareholders have given strong support for the continuation of the company."

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.

Colonia Real Estate may consider a merger with Deutsche Wohnen according to company CEO Stefan Rind. The two companies held "positive talks" in September according to Rind. Rind said, "We have a wide range of options from cooperation in residential property to asset management as well as a merger – we don't rule anything out." According to Bloomberg, by purchasing Deutsche Wohnen, Colonia would more than triple the number of homes in its portfolio to around 69,000. Andreas Lehner Deutsche Wohnen's CEO will step down as at 31 October it was announced in September.

Danish Company, Keops, recommended that shareholders accept the bid by Icelandic competitor Fasteignafelagid Stodir in July. 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 was deleted from the FTSE EPRA/NAREIT Global Real Estate Index effective 17 September. The deal valued Keops at approximately US\$800 million, or DKK24 per share.

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Norwegian Property Trust and Scandic Hotels (Olso Properties) won control of Norgani Hotels after raising their offer to NOK3.75 billion (US\$680 million) in September. Olso Properties finally offered 94 kroner per share. Aberdeen Property Investors was in the running for a period of time however decided not to increase its rival offer of 88.50 kroner. The final bid was the fourth in a series of offers and is 15% higher than the initial bid. Olso stated that it held 94% of Norgani Hotels on 25 September. The offer is estimated to close on 3 October.

As part of the quarterly review process for the FTSE EPRA/NAREIT Global Real Estate Index, DIC Asset of Germany was added to the index as at 24 September. The company entered the index with a 75% free float factor. Immoeast, a Vienna listed company focused on Central and Eastern Europe was deleted from the index as it no longer met the EBITDA rule. Derwent London and Mucklow <A&J> Group of the UK were reclassified as REITs.

Rounding up the corporate actions for Europe, Klepierre exercised a 3 for 1 stock split, and Citycon issued rights at €3.60.

North America

Over the Atlantic, US real estate stocks ended up 4.2% in USD terms in September, and EPRA/NAREIT Canada (CAD) added 2.6%. At an aggregate level, the EPRA/NAREIT North America Index (USD) ended 4.6% higher over the month. At the end of Q3 2007, North America is 2.5% down for the year. 36 months rolling volatility in North America remains the highest of the three regions at 16%.

Country	Sep-07 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	4.6	-2.5	178.0	22.7
United States (USD)	4.2	-4.0	172.0	22.2
Canada (CAD)	2.6	-1.1	135.9	18.7

Source: EPRA

The United States dominated the North American performers list in September. US Healthcare continues to perform well with Health Care REIT (+11%) topping the list. Another healthcare company Ventas added 10%. Kite Realty (+10.5%) Regency Centers (+10%) and Prologis (+10%) complete the top five. Canadian based Chartwell Seniors dropped 12% to shore up the North American constituents.

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. The transaction is expected to close on 5 October. Archstone finished the month 2.3% up at US\$60.14.

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 27bps in September to finish the month at US\$22.58.

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 share. The total estimated value of the merger is US\$800 million. Republic ended the month 2.1% higher at US\$14.67.

Canada's largest lodging or hotel REIT, Legacy REIT, was finally acquired by LGY Acquisition in September. Legacy held a portfolio of 25 hotels across Canada and in two major United States markets. Landmark properties were the Fairmont Royal York,

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the Fairmont Empress and the Fairmont Olympic Hotel. LGY offered C\$12.60 cash per unit. The total amount of the deal was approximately C\$2.4 billion.

Canadian Hotel Trusts (CHIP REIT) will be deleted from the FTSE EPRA/NAREIT Global Real Estate Index with effective from 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.

Rounding up the corporate actions for the region, Health Care Property Investors changed its name to HCP.

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 28 September, there were a total of 302 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-Sep	Div		Total		Total		36 Mths Vlty (%)
			Yld (%) 28-Sep	Rtn (%) QTD	Rtn (%) Sep-07	Rtn (%) YTD			
Global	EUR	2,724.92	3.26	- 1.56	1.59	- 3.88	12.38		
Asia	EUR	2,311.31	2.66	4.76	6.70	14.28	12.20		
Europe	EUR	3,092.54	2.89	- 10.44	- 5.33	- 19.78	14.60		
North America	EUR	2,978.89	4.05	- 2.80	0.28	- 9.61	16.34		
Global Ex-Asia	EUR	2,963.02	3.67	- 5.42	- 1.61	- 13.08	14.43		
Global Ex-Europe	EUR	2,604.21	3.35	0.84	3.40	0.85	12.94		
Global Ex-North America	EUR	2,704.93	2.73	- 0.71	2.48	0.42	11.54		
Asia	EUR	2,311.31	2.66	4.76	6.70	14.28	12.20		
Pure Asia	EUR	2,383.57	2.20	4.34	6.60	14.49	12.85		
Japan	JPY	4,036.49	1.05	- 5.00	5.98	7.83	23.55		
Australia	AUD	3,146.74	5.34	5.38	2.13	5.64	10.93		
Pure Australia	AUD	3,286.71	5.20	3.17	1.56	3.62	11.25		
Hong Kong	HKD	2,755.78	1.67	24.43	16.25	43.48	18.18		
Singapore	SGD	2,407.73	2.08	- 2.12	10.79	28.55	18.30		
New Zealand	NZD	1,509.07	5.75	- 12.12	-	- 3.45	-NA-		
Europe	EUR	3,092.54	2.89	- 10.44	- 5.33	- 19.78	14.60		
Europe	EUR	2,353.30	-	- 10.96	- 5.53	- 21.56	14.75		
Euro Zone	EUR	3,497.87	3.09	- 9.13	- 0.94	- 12.95	14.55		
Euro Zone	EUR	2,502.88	-	- 9.49	- 0.96	- 14.92	14.77		
Europe Ex UK	EUR	3,645.81	3.22	- 8.50	- 0.94	- 11.94	14.50		
Europe Ex UK	EUR	2,637.27	-	- 8.86	- 0.96	- 14.06	14.70		
Europe Liquid 40	EUR	3,021.43	2.76	- 11.04	- 6.48	- 21.36	15.46		
Europe Liquid 40	EUR	2,245.19	-	- 11.57	- 6.70	- 23.09	15.64		
Europe Liquid 40 Ex UK	EUR	3,916.15	3.13	- 8.46	- 1.35	- 11.30	15.09		
Europe Liquid 40 Ex UK	EUR	2,721.81	-	- 8.78	- 1.35	- 13.46	15.37		
UK	EUR	2,619.62	2.45	- 12.97	- 10.66	- 28.07	17.57		
UK	EUR	2,086.52	-	- 13.69	- 11.07	- 29.54	17.66		
Netherlands	EUR	3,387.72	5.09	- 6.11	0.44	- 6.99	15.40		
France	EUR	4,663.87	3.02	- 3.99	1.73	- 6.47	18.07		
Austria	EUR	1,565.36	0.13	- 20.18	- 7.52	- 21.36	12.98		
Sweden	EUR	4,457.78	6.13	- 2.55	- 0.81	- 11.93	24.02		
Germany	EUR	1,282.12	3.05	- 13.33	- 1.75	- 26.80	21.57		
Switzerland	EUR	1,758.18	1.94	- 7.61	- 4.30	- 9.60	12.24		
Belgium	EUR	2,034.09	6.02	- 5.78	- 1.98	- 8.34	10.67		
Italy	EUR	4,018.34	2.13	- 14.33	- 3.47	- 28.35	22.60		
Denmark	EUR	743.04	-	- 19.97	- 17.53	12.85	42.11		
Finland	EUR	5,054.02	3.42	- 7.85	- 2.19	- 8.55	21.06		
Poland	EUR	2,422.92	-	- 2.94	14.24	19.94	-NA-		
UK	GBP	2,954.79	2.45	- 9.75	- 7.73	- 25.48	17.73		
UK	GBP	2,353.78	-	- 10.50	- 8.15	- 27.00	17.83		
Switzerland	CHF	1,830.18	1.94	- 7.27	- 3.48	- 6.70	12.95		
Sweden	SEK	4,816.01	6.13	- 3.19	- 2.82	- 10.21	24.54		
Denmark	DKK	745.44	-	- 19.83	- 17.48	12.84	42.16		
Poland	PLN	2,825.00	-	- 2.75	12.46	18.06	-NA-		
Nth America	USD	4,043.58	4.05	2.35	4.61	- 2.52	15.33		
United States	USD	3,961.21	3.97	1.95	4.20	- 3.99	15.77		
Canada	USD	5,577.31	4.87	6.86	9.25	15.83	12.61		

Source: EPRA

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