



EPRA/NAREIT Global Real Estate Index

Global Overview – Real Estate Continues to Impress

Global Real Estate recorded another impressive month in January 2004. The EPRA/NAREIT Global Real Estate Index posted a gain of 6.2% over the course of the month. In comparison, the Global Equity market increased 3.2% and Global Bonds added 63bps. All three regions drove the EPRA/NAREIT Global Real Estate Index forward. North America and Europe added 5.7% and 2.4% respectively. Asia was the star performer, with a strong increase of 10.8%. All returns are expressed in EUR.

Using annualised returns, over a five years period, Global Real Estate outperformed Global Equities and Global Bonds significantly. On average, Global Real Estate returned 15% annually, Global Equities declined 2.2% in comparison, and Global Bonds added 5.5% per annum. As a result, over the total five years period, Global Real Estate returned 75%, Global Equities lost 11% and Global Bonds added 28%.

Asia / Pacific

In Asia, Hong Kong led the way at a country level. The EPRA/NAREIT Hong Kong Index (HKD) moved ahead 18% in January, heading the performance rankings in Asia. At a stock level, diversified developers New World Developments (+ 35%) and Kerry Properties (+ 30%), topped the Asian and Hong Kong performers list. Office investor, Hysan Development jumped 25% over the course of the month. In fact, all of the Hong Kong stocks in the index ended the month in positive territory, falling in the + 9% to + 35% range. The largest stock in Hong Kong by market capitalisation, Sun Hung Kai Properties added 17%. Hong Kong property sales increased 53% in January fuelled by the general economic recovery. Sales, including apartments, factories and office buildings, surged to HKD 23 billion from HKD 14.6 billion 12 months ago, according to data from the Land Registry.

Of the Asian countries, Australia was least spectacular, reflecting the lower volatility in the Australian market. Volatility in Australia is currently at the 8% mark. The EPRA/NAREIT Australia Index (AUD) recorded – 16bps in January. Of the Australian stocks, retail investor Macquarie Countrywide (+ 2.9%) led the field in January, and peer CFS Gandel Retail Trust recorded + 75bps. In sector performance, retail and office stocks led the way. On the office side, Macquarie Office Trust added 1.7%, Commonwealth Property Office advanced 87bps, and Investa Property Group moved ahead 56bps. Industrial stocks were hardest hit in the Australian market with ING Industrial and Macquarie Goodman Industrial losing 1.7% and 4.7% respectively.

EPRA/NAREIT Japan (JPY) jumped 10.3% during January. Japanese developers headed the best performers. Office developer, Mitsubishi Estate gained 14.5% during the month. Mitsui Fudosan added 11.5% and Sumitomo Realty & Development gained 10.3%. The four J-REITs in the benchmark all recorded positive results. New index addition as at 2 January, ORIX JREIT advanced 6.7%, and office peers Japan Real Estate and Nippon Building both added 2.8% and 1.9% respectively. Japan Retail Fund tiptoed ahead 15bps during the month.

Keppel Land, Capitaland and Ascendas REIT all scored well in January, driving the EPRA/NAREIT Singapore Index (SGD) forward 4.6%. Keppel Land added 14.6%, followed by Capitaland at + 6.5% and Ascendas REIT with + 5.2%. As at 2 January, four new Singapore stocks entered the Singapore index. S-REITs Ascendas and CapitaMall Trust; and former constituents Guocoland and Singapore Land all broadened the universe of the Singapore benchmark.

Volatility in Hong Kong, Japan and Singapore stands in the 29-36% range. Australia is 8%. All returns are quoted in local currency.

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Europe

The EPRA Europe Index (EUR) gained in January, with a good start to the year of + 2.4%. Of the larger countries, Europe's advance was led by the EPRA Netherlands Index (EUR) (+ 3.3%), and EPRA Spain (EUR) (+11.1%). France also pushed forward + 1.2% over the course of the month. The EPRA UK Index (GBP) slipped away 38bps during the first month of the year, and EPRA Sweden fell 1.2%. The EPRA EuroZone Index (EUR) added 2.8% in January. Broad European volatility stands just under 14%.

The UK was heavily represented in the list of best stock performers in January, despite the small decline in the UK benchmark. UK developer Marylebone Warwick Balfour added 17% to head the UK list. NHP (+ 15.9%), Unite Group (+ 11.7%) and new constituent as at 2 January, Daejan Holdings (+ 11.5%) all performed well. TK Development (Denmark) jumped 30% in January to head the list. It is worth noting that TK Developments stock price has fallen from a peak of DKK 300 in 2001, to its current price of DKK 22.5 as at 30 January. The stock displays a 36 months volatility of 68%, and has provided investors with a very bumpy ride over the period.

UK stocks also made up a significant weight at the bottom of the performance ranking during the month. Office investor, Benchmark Group (- 4.1%), industrial investor, Slough Estates (- 5.1%), and retail investors Liberty International (- 4.6%), and Hammerson (- 6%) all lost ground. In Sweden, office investor, Kungsleden, fell 4.2%.

Corporate activity in Europe is still bubbling away. GE Real Estate now own 88.8% of the capital and 96.8% of the voting rights of Sophia (France). In the UK, a group led by Chelsfield chairman Elliot Bernerd had a bid of 320p per share accepted by the company's independent directors, in a deal totalling GBP 900 million. British investors, the Reuben Brothers, have taken a major stake in the buy-out of Chelsfield, with a 35% share, making them the largest investor. Retail developer Chelsfield climbed 2.3% in January.

Paul Reichmann failed to find enough support for a GBP 1.6 billion bid for Canary Wharf, leaving Brascan Corp free to bid 267pence per share. Brascan Corp has until 11 February to table a bid. Shareholders are due to meet on 23 February to vote on Morgan Stanley's offer which would allow investors to take cash for stock, or swap shares at a fixed price for a stake in the company after it goes private. Canary Wharf fell 1.6% during the month.

Diversified investor, Tornet of Sweden, is currently under offer by LRT Acquisition AB, a company 60% controlled by Lehman and 40% by Stockholm based Ratos AB. LRT currently hold approximately 82% of Tornet shares. At the EGM held on 30 January, Tornet named Mark Newman as the interim chairman of the company until the next AGM in May 2004.

North America

Over the Atlantic, US real estate stocks advanced 4.3% in USD terms, during the course of the month. EPRA/NAREIT Canada (CAD) added 3.6%. Hotel REITs, La Quinta Properties and Innkeepers USA Trust leapt forward 17.5% and 14% respectively. Diversified investors Healthcare Realty Trust (+14.8%) and Ventas (+ 13.6%) both pushed on confidently, and office investor Parkway Properties added an impressive 13% in January. Volatility in US stocks is 12% and the Canadian figure stands at 11%.

The residential sector was hardest hit during the month, with Manufactured Home Communities (- 10.8%), Boardwalk Equities (- 4%), and Essex Property Trust (- 3.2%) all losing ground. Retail REIT Ramco Gerhenson dropped 3.1% and Office REIT Glenborough Realty fell 2.7%.

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The following table highlights the performance of regions and countries over a number of time periods:

Index Description	Curr	Div Yld (%)	Total	Total	Total	36 Mths Vlty (%)
		Jan-04	Rtn (%)	Rtn (%)	Rtn (%)	
Total Return						
Global	EUR	4.54	29.91	14.10	6.19	13.30
Asia	EUR	3.77	36.33	28.18	10.79	18.97
Europe	EUR	3.85	29.94	16.75	2.42	13.58
North America	EUR	5.12	27.44	7.78	5.67	14.29
Global Ex-Asia	EUR	4.79	27.97	10.01	4.80	12.65
Global Ex-Europe	EUR	4.72	30.01	13.51	7.15	14.48
Global Ex-North America	EUR	3.80	33.24	22.78	6.85	16.07
Asia Return	EUR	3.77	36.33	28.18	10.79	18.97
Australia	AUD	7.51	8.49	3.28	-0.16	7.76
Hong Kong	HKD	2.13	79.41	68.46	17.98	32.13
Japan	JPY	1.32	42.52	33.40	10.31	28.42
Singapore	SGD	3.81	67.27	16.51	4.58	35.71
Europe	EUR	3.85	29.94	16.75	2.42	13.58
Euro Zone	EUR	4.98	24.22	12.43	2.81	12.21
Europe Ex UK	EUR	4.81	24.69	13.51	1.98	12.21
Europe Liquid 40	EUR	3.58	29.44	16.49	1.87	13.57
Europe Liquid 40 Ex UK	EUR	4.06	25.71	13.76	2.02	12.83
Netherlands	EUR	7.19	24.55	9.97	3.33	12.32
France	EUR	3.56	24.69	14.56	1.18	13.49
Spain	EUR	3.55	43.55	33.76	11.06	22.58
Austria	EUR	0.00	7.59	1.76	0.79	3.56
Germany	EUR	5.37	7.83	4.22	1.19	31.49
Belgium	EUR	6.17	16.11	7.48	3.40	7.02
Italy	EUR	3.30	28.03	13.53	3.11	18.96
UK	GBP	2.92	41.29	17.02	-0.38	16.85
Switzerland	CHF	2.64	13.67	9.99	1.78	6.45
Sweden	SEK	4.67	36.22	20.33	-1.21	18.80
Norway	NOK	0.00	40.00	26.00	0.00	22.62
Denmark	DKK	0.00	-35.64	-40.74	30.07	66.79
Nth America	EUR	5.12	27.44	7.78	5.67	14.29
United States	USD	5.16	47.11	18.62	4.28	12.39
Canada	CAD	4.57	34.56	18.81	3.56	10.46
JP Morgan Global Bonds	EUR		2.88	2.01	0.63	3.43
MSCI Global Equities	EUR	2.44	21.13	8.29	3.19	19.72
MSCI Asia Equities	EUR	2.19	26.01	16.73	3.57	18.66
MSCI Europe Equities	EUR	3.62	27.68	12.40	2.73	20.79
MSCI North America Equities	EUR	1.96	17.04	4.69	3.34	21.34

Source: EPRA/MSCI/JP Morgan

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Notes:

The 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 30 January, there were a total of 230 stocks in the index.

The EPRA/NAREIT Global RE Index is free float weighted. Full details of the free float weightings for each company are downloadable from the www.epra.com website. The ground rules are also available from the website.

Free downloads are available upon request to the members of the association on a daily basis. Downloads are sent via e-mail at the close of business. The information contained in downloads enables users to accurately benchmark/track against the EPRA/NAREIT Global RE Index series. Contact: info@epra.com.

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