



EPRA/NAREIT Global Real Estate Index

Global Overview – Real Estate Marches Forward

Global Real Estate recorded another impressive month in February 2004. The EPRA/NAREIT Global Real Estate Index posted a gain of 3.5% over the course of the month. In comparison, the Global Equity market increased 1.7% and Global Bonds added 110bps. All three regions drove the EPRA/NAREIT Global Real Estate Index forward. North America and Asia added 2.2% and 3.1% respectively. Europe was the star performer, with a strong increase of 7.8%. 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 15.4% annually, Global Equities declined 2% in comparison, and Global Bonds added 6.2% per annum. As a result, over the total five years period, Global Real Estate returned 77%, Global Equities lost 10% and Global Bonds added 31%.

Asia / Pacific

In Asia, Japan led the way at a country level. EPRA/NAREIT Japan (JPY) jumped 6.7% during February, heading the performance rankings in Asia. Japanese developers headed the best performers for the second month running. Office developer, Heiwa Real Estate gained 10.8% during the month. Residential developer Goldcrest added 10% and office developer Mitsubishi Estate gained 9.3%. The four J-REITs in the benchmark all recorded positive results. New index addition as at 2 January, ORIX JREIT advanced 2.7%, and office peers Japan Real Estate and Nippon Building both added 2.2% and 1.1% respectively. Japan Retail Fund moved ahead 1.7% during the month.

Of the Asian countries, developer dominated Hong Kong was least spectacular. The EPRA/NAREIT Hong Kong Index (HKD) moved ahead 1.2 % in February. However, at a stock level, office developer Great Eagle Holdings (+ 18.8%) topped the Global, Asian and Hong Kong performers list. China Overseas Land (Offices) added 5.7% to hit second spot and Office investor HongKong Land advanced 2.7%, over the course of the month. The largest stock in Hong Kong by market capitalisation, Sun Hung Kai Properties added 2% in February. Moodys expect to upgrade Sun Hung Kai Properties to A1 within the next 6-9 months if current trends lead to a sustainable recovery in the property market, a Moodys report stated in February. Looking at the overall Hong Kong market, Moodys report says that the uptrend is due to a variety of factors, including improved performances by the Hong Kong and US economies, a growing China economy, and huge levels of liquidity due to historic low interest rates. Furthermore, the upsurge in Mainland visitors has fuelled a recovery in the retail sector.

The least volatile country in the Asian market, Australia returned 3.1% in February. Volatility in Australia is currently at the 8% mark, reflecting the stable nature of the LPT structure. In sector performance, diversified stocks led the way. Diversified investor Mirvac Group (+ 6.2%) led the field in February, after the company unveiled a 16.5% rise in earnings for the six months to 31 December 2003. Diversified developer Australand Property recorded + 4.2%. On the industrial side, Macquarie Goodman Industrial added 4.4%, and ING Industrial Fund advanced 3.5%. Focusing on retail, Westfield Trust (+3.8%) and Macquarie Countrywide (+ 3.5%) both pushed forward. All Australian stocks stood on positive ground over the course of the month.

Capitaland (+ 8.5%) and Keppel Land (+ 6.1%) both scored well in February, driving the EPRA/NAREIT Singapore Index (SGD) forward 4.3%. Ascendas REIT added 3.7%, followed by Singapore Land at + 3.5%. S-REIT CapitaMall Trust crept forward 1.4%, and Allgreen and Guocoland remained neutral in February. Singapore's economy grew by 11%

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in the fourth quarter of 2003, better than government forecasts. In Q3, expansion hit 16%, Singapore's Trade and Industry Ministry said in a statement.

Volatility in Hong Kong, Japan and Singapore stands in the 28-36% range. Australia is 8%. All returns are quoted in local currency.

Europe

The EPRA Europe Index (EUR) gained 7.8% in February, continuing its excellent start to 2004 (year to date + 10.4%). Of the larger countries, Europe's advance was led by the Mediterranean countries, with the EPRA Spain Index (EUR) (+ 8.9%), and EPRA Italy (EUR) (+ 8.7%) both recording strong gains. The EPRA UK Index (GBP) also pushed forward + 8.3% in February. EPRA Netherlands Index (EUR) and EPRA France (EUR) stepped forward 6% and 5.9% respectively, during the second month of the year. EPRA Sweden (SEK) added 4.8%. The EPRA EuroZone Index (EUR) added 5.5% in February. Broad European volatility stands at approximately 14%.

The UK was heavily represented in the list of best stock performers in February. However, it was Swedish residential developer JM that topped the European performers list with a very strong advance of 18.3%. UK developer Quintain Estates added 13% to head the UK stocks. In addition, retail investors Liberty International (+ 12.7%) and Shaftesbury (+ 12.1%) both performed well. Diversified developer St. Modwen added 12.3%. The large stocks in the EPRA Europe Index, all performed well. Land Securities (+10.1%), British Land (+ 11.2%), and Slough Estates (+ 6.8%) gained in February. On the European mainland, retail investor Rodamco Europe added 5.5% and Unibail pushed forward 6%.

UK stocks also made up a significant weight at the bottom of the performance ranking during the month. Developer Marylebone Warwick Balfour (- 7.1%), retail investor, Freeport (- 6.4%), office developer, Development Securities (- 3%), and industrial investor Ashtenne (- 2.2%) all lost ground. In the Netherlands, office investor, Vastned Offices, fell 1.2%.

Corporate activity in Europe continues. 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. Chelsfield completed the sale of a stake in its Global Switch unit to Aviva Plc. Retail developer Chelsfield climbed 16 bps in February.

Morgan Stanley and Brascan Corp are currently battling for control of Canary Wharf. Brascan mailed details of its GBP 1.6 billion offer to shareholders on 24 February, with shareholders to respond by 23 March. Morgan Stanley will announce its next move 'as soon as practicable'. Canary Wharf climbed 5.5% during February.

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.

Benchmark granted GE Real Estate a period of exclusivity, expiring on 8 April 2004, in which to complete due diligence, with a view to making an offer of approximately 280p for the ordinary shares and GBP 103 per GBP 100 of 5.75% Conv. Uns. Ln. Stk 2013. Benchmark added 8.9% in February.

North America

Over the Atlantic, US real estate stocks advanced 2.1% in USD terms, during the course of the month. EPRA/NAREIT Canada (CAD) added 4.9%. The EPRA/NAREIT North America Index (USD) gained 2.2%. Diversified REITs, Corrections Corp of US and Universal Health Realty leapt forward 18.1% and 10.5% respectively. Canadian office investor, O&Y REIT (+

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15.1%), US residential stock Amli Residential (+ 10.8%) and Starwood Hotels (+ 10.4%) all pushed on confidently in February. Volatility in US stocks is 12% and the Canadian figure stands at 11%.

The hotel sector was hardest hit during the month, with Meristar Hospitality (- 9.7%), Felcor Lodging Trust (- 8.6%), and Innkeepers USA Trust (- 5.7%) all losing ground. Correctional Properties Trust dropped 9.4% and Residential REIT Apartment Investment fell 6.2%.

Great Lakes REIT seeks shareholder approval for a merger with Transwestern Investment Company, who has agreed to pay no less than USD 14.98 per share in cash upon the closing of the merger. Great Lakes expect the merger to be completed in the second quarter of 2004. Great Lakes finished ahead 1% in February.

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

Index Description	Curr	Close Value 27-Feb-04	Total		Total		Total		Total	
			Rtn (%) - 5 Yrs	Rtn (%) - 3 Yrs	Rtn (%) -1 years	Rtn (%) -6 mths	Rtn (%) Feb-04	Rtn (%) YTD	36 Mths Vlty (%)	
Global	EUR	1,437.79	15.40	3.66	34.32	11.99	3.50	9.91	13.43	
Asia	EUR	1,047.90	11.89	- 2.80	42.30	17.29	3.08	14.20	19.03	
Europe	EUR	1,594.46	14.17	9.33	41.46	22.58	7.79	10.41	14.13	
North America	EUR	1,806.12	18.94	9.53	28.80	6.45	2.18	7.97	14.27	
Global Ex-Asia	EUR	1,720.88	16.99	9.24	31.90	10.41	3.64	8.61	12.76	
Global Ex-Europe	EUR	1,380.41	15.47	3.17	32.70	9.59	2.44	9.77	14.53	
Global Ex-North America	EUR	1,268.91	13.84	2.71	41.77	19.41	5.20	12.41	16.29	
Asia	EUR	1,047.90	11.89	- 2.80	42.30	17.29	3.08	14.20	19.03	
Australia	AUD	1,483.84	10.53	9.43	15.99	6.48	3.13	2.97	7.87	
Hong Kong	HKD	1,108.51	17.23	0.76	86.96	40.64	1.23	19.43	32.13	
Japan	JPY	1,512.45	5.99	5.28	55.46	22.65	6.70	17.69	28.26	
Singapore	SGD	701.78	2.46	- 2.94	63.11	22.39	4.30	9.07	35.77	
Europe	EUR	1,594.46	14.17	9.33	41.46	22.58	7.79	10.41	14.13	
Euro Zone	EUR	1,638.84	14.86	12.77	30.98	17.30	5.50	8.47	12.31	
Europe Ex UK	EUR	1,678.68	16.39	11.95	31.64	17.49	5.03	7.11	12.27	
Europe Liquid 40	EUR	1,559.30	13.42	9.03	41.52	22.94	8.52	10.54	14.25	
Europe Liquid 40 Ex UK	EUR	1,738.44	13.22	14.95	33.22	18.02	5.44	7.57	12.88	
Netherlands	EUR	1,722.82	15.52	14.80	28.05	16.46	5.97	9.50	12.63	
France	EUR	1,662.41	18.23	14.32	37.54	19.27	5.88	7.14	13.65	
Spain	EUR	2,356.16	15.28	25.26	48.94	42.62	8.94	21.00	22.15	
Austria	EUR	1,243.38	4.87	8.11	7.95	1.60	-	0.79	3.56	
Germany	EUR	659.58	- 3.11	- 12.78	26.26	- 0.57	1.25	2.46	30.60	
Belgium	EUR	1,472.79	6.73	16.45	18.04	11.61	3.64	7.17	7.13	
Italy	EUR	2,001.99	24.37	10.84	44.54	22.94	8.70	12.08	19.46	
Finland	EUR	2,244.25	18.64	30.78	46.69	23.15	2.31	0.61	19.46	
UK	GBP	1,660.27	11.61	9.45	48.26	23.08	8.34	7.93	17.40	
Switzerland	CHF	1,128.12	2.96	5.15	17.17	8.65	0.31	2.10	6.41	
Sweden	SEK	1,960.36	27.79	11.16	47.22	23.18	4.85	3.58	18.56	
Norway	NOK	1,239.80	5.95	7.21	40.00	34.04	-	-	22.58	
Denmark	DKK	162.45	- 16.99	- 30.43	- 5.91	- 39.71	4.43	35.83	66.84	
Nth America	EUR	1,806.12	18.94	9.53	28.80	6.45	2.18	7.97	14.27	
Nth America	USD	2,141.95	22.17	22.07	48.49	20.47	2.19	6.35	12.08	
United States	USD	2,134.95	22.04	21.71	48.14	20.18	2.09	6.46	12.22	
Canada	USD	2,385.09	26.83	31.86	54.99	26.01	3.96	4.58	11.93	

Source: EPRA

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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 27 February, 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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