



EPRA/NAREIT Global Real Estate Index

Global Overview – Another strong month for Real Estate

Global Real Estate recorded another impressive month in March 2004. The EPRA/NAREIT Global Real Estate Index posted a gain of 6.0% over the course of the month. In comparison, the Global Equity market increased 48bps and Global Bonds added 51bps. All three regions drove the EPRA/NAREIT Global Real Estate Index forward. North America and Asia added 6.9% and 6.1% respectively. Europe finished the month with increase of 2.8%. 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 15.6% annually, Global Equities declined 2.9% in comparison, and Global Bonds added 6.1% per annum. As a result, over the total five years period, Global Real Estate returned 78%, Global Equities lost 14.6% and Global Bonds added 30.6%.

Asia / Pacific

In Asia, Japan led the way at a country level. EPRA/NAREIT Japan (JPY) jumped 14.9% during March, heading the performance rankings in Asia. Japanese residential developers headed the best performers for the third month running. Daikyo headed the rankings with a massive gain of 52.2%. Sumitomo Realty & Development and Goldcrest added an impressive 28.1% and 18.7% respectively. The four J-REITs in the benchmark all recorded positive results. New index addition as at 2 January, ORIX JREIT advanced 15.4%, and office peers Japan Real Estate and Nippon Building both added 18.6% and 10.7% respectively. Japan Retail Fund moved ahead 12.1% during the month.

Of the Asian countries, developer dominated Hong Kong was least spectacular. The EPRA/NAREIT Hong Kong Index (HKD) fell 5.3% in March. At a stock level, office developer Great Eagle Holdings (+3.8%) was the only Hong Kong stock in the top 20 Asian performers in March. In fact, Great Eagle Holdings was the only Hong Kong stock to achieve a positive return in March. Sino Land (diversified) lost 8%, holding up the Asian region and Hysan Development (office) declined 7.8%, over the course of the month. The largest stock in Hong Kong by market capitalisation, Sun Hung Kai Properties dropped 6.9% in March. Moodys stated in February that it expects 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. 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/Pacific region, Australia, returned 3.4% in March. Volatility in Australia is currently at the 8% mark, reflecting the stable and mature nature of the LPT structure. In sector performance, diversified and office stocks led the way. On the office side, Deutsche Office Trust added 5.4%, and ING Office Fund advanced 5.4%. During the month, diversified investor Stockland Trust (+5.4%) pushed forward confidently. Diversified developer Australand added 5.3% in March. The company issued its 2003 full year accounts on 30 March. In addition, the company recorded + 4.2% in February (YTD 12.4%). All but one Australian stock (Macquarie Countrywide -1.1%) stood on positive ground over the course of the month.

S-REITs, Ascendas (+4.1%) and Capitamall (+5%) both scored positively in March, preventing the EPRA/NAREIT Singapore Index (SGD) from further losses (-2.8%). The remaining Singapore companies disappointed during the month. Worst hit were the residential developers Allgreen Properties (-7.8%) and Capitaland (-6.1%). The Singapore government announced its decision to sell off development sites in a four-hectare downtown real estate project in a bid to raise funds for infrastructure projects. The site, next to

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Singapore's financial district, will include apartments and retail outlets. The sale comes as Singapore is projecting its strongest economic expansion in four years, with the government predicting the \$94 billion economy expanding as much as 5.5% in 2004.

Volatility in Hong Kong, Japan and Singapore stands in the 29-32% range. Australia is 8%. All returns are quoted in local currency.

Europe

The EPRA Europe Index (EUR) gained 2.8% in March, continuing its excellent start to 2004 (year to date + 13.5%). Of the larger countries, Europe's advance was for the second month running led by EPRA Italy (+6.7%). EPRA Finland (+ 6%) was just behind Italy in the performance rankings. The largest country/index by market capitalisation, the EPRA UK Index (GBP) also pushed forward + 1.9% in March. EPRA Netherlands Index and EPRA France stepped forward 4.9% and 4.5% respectively, during the third month of the year. EPRA Spain lost 2.2%. The Spanish market coming under considerable pressure following the terrorist bombings in Madrid. The EPRA EuroZone Index (EUR) added 3.6% in March. Broad European volatility stands at approximately 14%.

The UK was heavily represented in the list of best stock performers in March. UK industrial investor Ashtenne added 15.1% to head the UK and European stocks. Diversified developer St. Modwen, winner of the EPRA Best Performer Award 2002, added 14.1%. Retail player Capital & Regional drove ahead 11.3%, closely followed by developers Helical Bar 11.2% and Quintain Estates 10.8%. Of the non-UK stars, office developer Beni Stabili gained 12.9% and Kungsleden, the Swedish office investor added 12.8%. The large stocks in the EPRA Europe Index all performed positively, except for Land Securities (-1.1%). British Land (+1.2%), and Liberty International (+4.6%) gained in March. On the European mainland, retail investor Rodamco Europe added 3.8% and Unibail pushed forward 5.3%.

A diversified mix of country stocks comprised the bottom of the performance ranking during the month. Diversified stocks Aedes (Italy) (- 8.4%), and TK Development (Denmark) (-6.4%) propped up the European performers. TK Development falls out of the EPRA Europe Index as at 1 April. IVG Immobilien, the German diversified investor, fell 5.7%. In the UK, Unite Group lost 3.9%, with Shaftesbury (UK) slipping 3.8%.

Corporate activity in Europe continues. GE Real Estate owns 88.8% of the capital and 96.8% of the voting rights of Sophia (France). As at 24 March, Chelsfield chairman Elliot Bernerd stated that 74% of shareholders accepted his buyout offer of GBP 900 million and gave remaining investors until 6 April to reply. Chelsfield (retail, developer) added 0.6% in March.

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 March, with shareholders to respond by 2 April. In a counter offer, Morgan Stanley raised its bid to 292p per share. Canary Wharf climbed 4.5% during March.

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.

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 2.9% in March.

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North America

Over the Atlantic, US real estate stocks advanced 5.7% in USD terms, during the course of the month. EPRA/NAREIT Canada (CAD) advanced 46bps. The EPRA/NAREIT North America Index (USD) gained 5.6%. Hotel stocks headed the North American list in March. Extended Stay America leapt 24.7%, head and shoulders above the rest of the pack. LaSalle Hotel Properties (+15.8%) and National Health Investors (+11.9%) also weighed in with impressive performance. The US retail sector proved to be the most profitable sector as a whole (+7.7%), with General Growth Properties (+12.4%) and Regency Centers (+11.4%) topping the retail investors. Volatility in US stocks is 12% and the Canadian figure stands at 10%.

Strangely, the hotel stocks were also hardest hit during the month, with Legacy Hotels (Canada) losing 4.7%. Both Apartment Investment (US) (-4%) and O&Y REIT (Canada) (-3.6%) stood on negative during the month. Other hotel players Felcor Lodging Trust (US) dropped 3% and La Quinta Properties (US) shed 2.5%.

Great Lakes REIT seeks shareholder approval for a merger with Transwestern Investment Company, who has agreed to pay no less than USD 15.44 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 March.

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

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Index Description	Curr	Close Value 31-Mar	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) - 6 Mths	Total Rtn (%) Mar-04	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	1,523.96	15.59	6.59	44.29	20.29	5.99	16.49	13.74
Asia	EUR	1,120.87	10.15	2.16	58.70	24.80	6.96	22.15	18.82
Europe	EUR	1,639.18	14.53	11.40	51.63	26.28	2.80	13.50	14.09
North America	EUR	1,927.77	21.11	10.29	36.27	16.52	6.74	15.24	14.48
Global Ex-Asia	EUR	1,818.54	18.56	10.46	39.98	18.96	5.68	14.78	13.01
Global Ex-Europe	EUR	1,474.44	15.52	6.33	42.66	18.94	6.81	17.25	14.93
Global Ex-North America	EUR	1,333.19	12.83	7.04	55.30	25.20	5.07	18.10	16.02
Asia	EUR	1,120.87	10.15	2.16	58.70	24.80	6.96	22.15	18.82
Japan	JPY	1,738.44	7.34	9.37	96.01	35.11	14.94	35.28	29.26
Hong Kong	HKD	1,049.33	11.26	4.29	99.76	19.11	-5.34	13.05	30.99
Australia	AUD	1,738.44	10.74	12.63	14.22	13.15	3.35	6.42	7.51
Singapore	SGD	681.98	-1.66	5.39	61.73	11.61	-2.82	5.99	32.09
Europe	EUR	1,639.18	14.53	11.40	51.63	26.28	2.80	13.50	14.09
Euro Zone	EUR	1,696.97	16.36	16.30	36.55	20.86	3.55	12.31	12.06
Europe Ex UK	EUR	1,740.16	17.36	15.57	37.82	20.75	3.66	11.03	12.01
Europe Liquid 40	EUR	1,598.57	13.67	10.75	50.88	26.59	2.52	13.33	14.22
Europe Liquid 40 Ex UK	EUR	1,802.52	15.01	18.95	38.81	21.48	3.69	11.54	12.55
Netherlands	EUR	1,807.87	16.76	19.30	36.08	21.77	4.94	14.91	12.43
France	EUR	1,737.71	19.80	18.75	46.11	22.22	4.53	11.99	13.39
Spain	EUR	2,331.84	18.25	26.47	43.14	39.57	-1.03	19.75	22.04
Germany	EUR	644.48	-3.28	-12.67	28.65	1.28	-2.29	0.11	30.59
Italy	EUR	2,135.21	27.81	15.04	53.73	32.97	6.65	19.54	19.62
Austria	EUR	1,270.80	5.42	9.03	9.96	4.34	2.21	3.02	3.65
Belgium	EUR	1,459.75	6.94	18.47	18.68	10.86	-0.89	6.22	6.30
Finland	EUR	2,379.28	20.99	35.56	51.60	31.78	6.02	6.66	19.50
UK	GBP	1,691.69	12.05	11.51	61.58	25.80	1.89	9.97	17.29
Switzerland	CHF	1,170.93	3.76	6.33	18.51	12.93	3.79	5.98	6.69
Sweden	SEK	2,040.86	27.40	16.54	58.39	26.41	4.11	7.83	18.00
Denmark	DKK	152.09	-17.08	-30.53	-18.44	-40.35	-6.38	27.17	66.81
Nth America	EUR	1,927.77	21.11	10.29	36.27	16.52	6.74	15.24	14.48
Nth America	USD	2,261.23	25.08	25.15	53.48	22.96	5.57	12.28	12.26
United States	USD	2,257.59	25.01	24.73	53.37	22.76	5.74	12.57	12.44
Canada	CAD	2,223.24	22.37	24.82	39.18	23.59	0.46	9.08	10.45

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 31 March, there were a total of 231 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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