



## EPRA/NAREIT Global Real Estate Index

### Global Overview – Global Real Estate solid performance in October

Global Real Estate added another solid month to its performance year to date (+ 21.2%). The EPRA/NAREIT Global Real Estate Index posted a gain of 2% in October. In comparison, the Global Equity market added 5 bps and Global Bonds added 69 bps. The three regions were ahead. Asia added 44 bps, Europe gained 1.2%, North America pushed forward 3%. 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 12.3% annually, Global Equities declined 5.4% in comparison, and Global Bonds added 6.3% per annum. As a result, over the total five-year period, Global Real Estate returned 78.9%, Global Equities lost 24.3% and Global Bonds added 35.5%.

### Asia / Pacific

In the Asia/Pacific region, the EPRA/NAREIT Australia (AUD) added 1.6% in October. Merger and acquisition news continues to flow from the Australian market. Macquarie Industrial Trust headed the Australian movers, with a strong gain of 11.7%. Macquarie Bank is proposing a merger of Macquarie Goodman Management and Macquarie Industrial Trust to create an AUD 4.5 billion listed property trust. The merged entity will create the largest industrial trust, and the fourth largest trust in Australia. The bank stated that the merged trust will be better positioned to undertake offshore expansion.

Office investor Ronin Property Group added + 3.8% in October. On 21 October, Ronin's management recommended shareholders to accept Multiplex Group's AUD 1.3 Bn (USD 930 m). The deal would make Multiplex Australia's fourth largest property trust. The bid values Ronin at AUD 1.33 per share. Ronin's rental income from its office activities would reduce Multiplex's reliance on earnings from new developments.

Grant Samuel & Associates, an appointed expert, advised shareholders to approve Lend Lease's bid for General Property Trust. Investors will vote on the bid proposal on 17 November at a special shareholder meeting, to be held in Sydney. If approved, the companies would seek final court approval by late November, with view to the shares in the new company trading in the first half of December. The bid values GPT at AUD 3.58 a share. GPT was up 81 bps during the month.

On 27 September, shareholders approved the AUD 3.3bn (USD 2.4bn) merger of the three Deutsche LPTs. Deutsche Office, Industrial and Diversified combined to form DB RREEF Trust. The combined group will purchase 80% of a US based Industrial portfolio from RREEF, a Chicago-based unit of Deutsche Bank, the company announced. The merger was effective 6 October. The merged trust, DB RREEF, was neutral in October.

The merger of Prime Retail Group and Centro Properties was implemented on 8 October, and trade commenced on 13 October. Centro Properties Group was up 4.8% during the month. Mirvac proposed a friendly merger deal with James Fielding Group in October. The bid values JFG at AUD 478 m.

The EPRA/NAREIT Singapore Index (SGD) ended the month (+ 1%) ahead. Office investor, CapitaCommercial, led the Singapore stocks - up 6.8%. CapitaCommercial, backed by rentals of SGD 2 bn, said it will distribute 2.39 cents per share, to shareholders for the period May to September. The payout was 11% above forecast.

Ascendas REIT added 3.9%, followed by Capitaland (+ 3.4%) and CapitaMall Trust (+ 3.1%). Capitaland CEO, Liew Mun Leong said that the company, which has two of Singapore four REITs, could decide to set up similar REITs in China, Japan, Malaysia and Thailand. The Singapore developer is expanding its business in Asia, looking to an expected surge in investment into the Asian real estate market in the next few years. The company

European Public Real Estate Association



entered into an agreement with The Link Management to create the 'The Link REIT' in August.

EPRA/NAREIT Hong Kong (HKD) fell 73 bps during the month. Diversified investor Silver Grant (+19.2%) headed the Hong Kong stocks for the third consecutive month, followed by diversified developer Sino Land (+14.7%). Sino Land sold HK 2 bn (USD 257 m) of convertible bonds, to raise capital to acquire more land.

Sun Hung Kai, along with Cheung Kong, Hong Kong's largest home developers, bought separate development sites for a total of HKD 14.1 bn (USD 1.8 bn), a record for a Hong Kong government land auction and 76% more than the asking price. The companies purchased land for residential development in urban districts on the Kowloon peninsula, opposite Hong Kong Island. The Hong Kong market is recovering after a six year slump, with property sales in September ahead for the 12<sup>th</sup> month running, the government stated. Home prices have jumped 22% year to date, according to CBRE.

The EPRA/NAREIT Japan Index (-64 bps) followed Hong Kong into negative territory. The Japanese development companies headed the performers, with Tokyu Tatemono and Tokyu Land hitting +7.5% and +7.1% respectively. NTT Urban Development REIT is likely to enter the EPRA/NAREIT Global Real Estate Index on Friday 5 November under the index 'fast track' rule. The stock commences trading on 4 November. The sale is part of NTT's efforts to dispose of assets unrelated to its phone businesses as it confronts increased competition from new entrants led by Softbank Corp.

## Europe

The EPRA Europe Index (EUR) added 1.2% in October. EPRA France led the advance (+ 4.5%). EPRA Sweden (SEK) (+ 2.8%) and EPRA Netherlands (+ 2%) also responded well. The EPRA UK Index (GBP), the largest country in Europe, added another stable month, pushing forward 69 bps in October. Of the smaller countries, EPRA Germany recorded a gain of 7.7%. Broad European volatility stands at approximately 16%.

Diversified investor, IVG Immobilien (Germany), topped the European performers list during the month. IVG leapt ahead 12.1%. The current German REIT debate seemed to capture investor's imaginations during the month. Danish office developer, Sjaelso Gruppen jumped 10.3% during the month. Fidelity Investments announced that it held 5.2% of the company's stock on 4 October.

Greek developer, Babis Vovos, sold 3.7 million shares to a limited number of institutional investors at EUR 12 per share. The offer was fully subscribed, with over 95% of the shares going to institutional investors, the company announced on 18 October. The free float weighting of Babis Vovos in the EPRA/NAREIT Global Real Estate Index, was increased from 20% to 40% on 22 October. Babis Vovos lost 19.2% in October.

The Financial Times reported that Minerva could receive bids from as many as 20 interested parties. It is rumoured that Tishman Speyer Properties, Hines, and the Westfield Group, may be among the bidders. The FT reported (without stated the source of the information) that bidders could pay more than GBP 3.00 per share. Lehman Brothers and HSBC Holdings are advising Minerva. The company plans to build the city of London's tallest office tower, towering 712 ft, or 50 floors. Minerva fell 6.2% in October.

The family De Pauw, which held 50% of Belgian diversified investor Warehouses de Pauw, announced that it had sold 20% of its shares in a private placement. The placement represented 1.5 million shares at EUR 31.75 per share. The family retains 30% of the company, which it considers strategic. The free float weight of WDP will be adjusted to 70% as at 4 November. WDP added 91 bps in October.

Swedish constituents continue to contract. Tornet was deleted from the EPRA/NAREIT Global Real Estate Index effective 1 November.

## European Public Real Estate Association



## North America

Over the Atlantic, US real estate stocks were ahead 5% in USD terms. EPRA/NAREIT Canada (CAD) also hit a positive note, with a gain of 5.3%. The EPRA/NAREIT North America Index (USD) improved 5.1%.

Hotel developer, Boca Resorts leapt forward 27.6% in October, to head the North American and Global stock performance. Blackstone Group agreed to buy the company in October, for approximately USD 1.25 billion. Blackstone, manager of the world's largest buyout fund, will pay USD 24 per share. Boca Resorts owns five resorts in Florida that include hotels, conference facilities, golf courses, spas, marinas and private clubs. The purchase is estimated to be completed late this year/early next year.

Camden Property Trust agreed to buy residential investor Summit Properties for approximately USD 1.9 billion. Under the offer, Summit shareholders can choose to receive either USD 31.20 per share cash, or 0.6687 of a Camden share. Summit Properties advanced 13.4% in October.

General Growth Properties agreed to buy retail investor Rouse Co for approximately USD 7.2 billion in cash. Shareholders will receive USD 67.50 a share. The company will also assume about USD 5.4 billion of debt, in what will be the largest purchase ever of a real estate investment trust. "We are making five years worth of acquisitions in one fell swoop" said John Bucksbaum, Chief Executive at General Growth Property. CSFB, Lehman Brothers, Wachovia Corp and Bank of America are arranging a USD 6.2bn loan for General Growth Properties. Rouse fell 27bps in October. General Growth Properties added 7.6%.

Office investor, Cousins Properties announced that it will pay a special dividend of USD 356, or USD 7.15 per share, to shareholders on the register on 8 November, and payable on 18 November. The special dividend is the result of taxable gains from sales of wholly owned and joint venture assets. Cousins added 8.5% in October.

Colonial Properties, the diversified investor, will buy Cornerstone Realty Income Trust for USD 1.5 billion. Colonial lost 1.4% and Cornerstone crept ahead 61 bps during the month.

Blackstone Group's purchase of Prime Hospitality for more than USD 790 million in stock and debt was completed in October. Blackstone Group paid USD 12.25 for each share of Prime Hospitality. Prime Hospitality was deleted from the EPRA/NAREIT Global Real Estate Index as at 11 October.

Simon Property Group and Chelsea Property Group shareholders approved the merger proposal on 13 October, and the stock was deleted from the EPRA/NAREIT Global Real Estate Index as at 14 October. The terms of the offer were USD 36 per share plus 0.2936 of a SPG share, per 1 CPG.



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

Index Description	Div Curr	Total Yld (%) 29-Oct-04	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) - 6 Mths	Total Rtn (%) Oct-04	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	4.05	12.33	10.23	21.30	13.93	1.95	21.20	12.92
Asia	EUR	2.76	6.56	6.99	15.84	4.78	0.44	19.47	16.11
Europe	EUR	3.76	12.95	16.58	34.78	13.52	1.18	26.14	12.62
North America	EUR	4.76	16.64	9.94	19.42	18.43	2.96	20.32	15.20
Global Ex-Asia	EUR	4.51	15.13	11.65	23.34	17.14	2.52	21.90	13.05
Global Ex-Europe	EUR	4.11	11.95	8.68	18.16	14.00	2.12	19.94	14.28
Global Ex-North America	EUR	3.17	9.89	11.10	23.67	8.63	0.73	22.32	12.73
Asia	EUR	2.76	6.56	6.99	15.84	4.78	0.44	19.47	16.11
Pure Asia	EUR	3.45	6.90	7.56	17.71	6.48	2.07	21.40	16.13
Japan	JPY	1.42	7.77	2.27	16.50	- 4.54	- 0.64	20.72	27.96
Australia	AUD	4.04	13.50	12.81	28.59	19.29	1.60	23.93	8.04
Pure Australia	AUD	6.37	13.91	13.49	30.95	21.47	3.47	26.21	8.16
Hong Kong	HKD	2.18	7.82	16.94	22.14	11.72	- 0.73	17.74	29.09
Singapore	SGD	3.36	- 3.02	13.66	16.57	18.63	1.03	21.41	26.15
Europe	EUR	3.76	12.95	16.58	34.78	13.52	1.18	26.14	12.62
Europe Net	EUR	2.82	-NA-	-NA-	-NA-	-NA-	1.12	-NA-	-NA-
Euro Zone	EUR	4.83	13.59	20.66	33.98	16.19	2.83	26.64	11.00
Euro Zone Net	EUR	3.62	-NA-	-NA-	-NA-	-NA-	2.70	-NA-	-NA-
Europe Ex UK	EUR	4.69	15.03	20.38	34.18	16.97	2.84	26.48	10.48
Europe Liquid 40	EUR	3.68	12.54	16.42	35.90	14.46	1.39	26.82	12.79
Europe Liquid 40 Net	EUR	2.76	-NA-	-NA-	-NA-	-NA-	1.33	-NA-	-NA-
Europe Liquid 40 Ex UK	EUR	4.50	14.97	23.53	36.79	18.55	3.03	28.33	10.93
Europe Liquid 40 Ex UK Net	EUR	3.37	-NA-	-NA-	-NA-	-NA-	2.91	-NA-	-NA-
UK	GBP	2.81	12.96	17.70	36.91	13.13	0.69	23.73	15.92
UK Net Index	GBP	2.11	-NA-	-NA-	-NA-	-NA-	- 0.46	-NA-	-NA-
Netherlands	EUR	6.44	15.52	20.62	31.36	11.09	1.96	25.29	12.17
France	EUR	4.49	15.29	24.06	45.72	27.08	4.52	34.73	12.79
Spain	EUR	3.05	20.03	38.09	63.78	27.63	2.59	46.38	20.30
Germany	EUR	4.63	- 6.18	- 8.16	10.68	12.79	7.67	14.15	30.23
Belgium	EUR	6.20	8.56	14.31	13.60	7.17	0.54	11.54	5.69
Austria	EUR	-	5.77	8.75	8.68	4.16	1.20	7.30	3.77
Italy	EUR	1.99	18.30	16.61	41.45	13.51	- 0.48	31.69	18.98
Finland	EUR	4.96	19.09	28.87	22.69	10.66	3.01	11.75	17.50
Greece	EUR	2.45	- 4.36	- 7.15	- 19.96	- 18.29	- 11.97	- 19.96	10.16
Denmark	EUR	3.73	- 30.88	- 51.51	19.29	6.38	6.81	35.31	61.64
Switzerland	CHF	3.68	4.55	9.37	26.01	11.27	1.61	18.57	6.49
Sweden	SEK	4.20	22.24	22.67	38.70	23.80	2.75	29.34	16.01
Nth America	EUR	4.76	16.64	9.94	19.42	18.43	2.96	20.32	15.20
Nth America	USD	4.76	20.12	23.39	30.66	25.67	5.45	21.34	14.50
United States	USD	4.73	20.10	23.15	30.68	25.56	5.44	21.57	14.72
Canada	USD	5.24	21.36	28.88	30.41	27.53	5.68	17.41	13.30

Source: EPRA

The EPRA Monthly Statistical Bulletin is available from [www.epra.com](http://www.epra.com).

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 29 October, there were a total of 246 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](http://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](mailto:info@epra.com).

European Public Real Estate Association

Schiphol Boulevard 283 1118 BH Schiphol Airport The Netherlands  
 T +31 (0)20 405 3830 F +31 (0)20 405 3840 E [info@epra.com](mailto:info@epra.com)  
 W [www.epra.com](http://www.epra.com)