



## EPRA/NAREIT Global Real Estate Index

### Global Overview – Global Real Estate adds 28% in 2004

The EPRA/NAREIT Global Real Estate Index posted a gain of 3.1% in December. Over the course of 2004, Global Real Estate recorded a very impressive performance of +28%. In comparison, the Global Equity market added 6.9% and Global Bonds added 5.5% in 2004. The three regions were ahead over the year. Asia added 27%, Europe jumped 41.7%, North America pushed forward 23.9%. 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 10.9% annually, Global Equities declined 7.8% in comparison, and Global Bonds added 6.5% per annum. As a result, over the total five-year period, Global Real Estate returned 67.5%, Global Equities lost 33.5% and Global Bonds added 37.2%.

Asset Classes (EUR)	Dec 2004 Return %	2004 Return %	99-04 (5 Years) Return %	Average Annual Return %*
Global Real Estate	+ 3.1	+ 28.0	+ 67.5	+ 10.9
Global Equities	+ 1.5	+ 6.9	- 33.5	- 7.8
Global Bonds	+ 0.7	+ 5.5	+ 37.2	+ 6.5
Europe Real Estate	+ 5.8	+ 41.7	+ 104.7	+ 15.4
N. America Real Estate	+ 2.9	+ 23.9	+ 107.3	+ 15.7
Asia Real Estate	+ 1.7	+ 27.0	+ 16.5	+ 3.1

Source: EPRA/MSCI/JP Morgan

### Asia / Pacific

In the Asia/Pacific region, Hong Kong topped the country performers list for 2004. EPRA/NAREIT Hong Kong (HKD) added an impressive 35.2% during the year. The final month of the year saw Hong Kong add 90 bps. Diversified investor Silver Grant, up 177.5% for the year, headed the Hong Kong stocks, followed by office developer Great Eagle (+ 117.6%) and diversified developer Sino Land (+ 75.6%).

Country	Dec 2004 Return %	2004 Return %	99-04 (5 Years) Return %	Average Annual Return %*
Asia (EUR)	+ 1.7	+ 27.0	+ 16.5	+ 3.1
Australia (AUD)	+ 5.2	+ 34.4	+ 93.7	+ 14.1
Hong Kong (HKD)	+ 0.9	+ 35.2	+ 25.5	+ 4.7
Japan (JPY)	+ 3.6	+ 31.2	+ 68.6	+ 11.0
Singapore (SGD)	+ 2.0	+ 32.4	- 14.8	- 3.2

Source: EPRA/MSCI/JP Morgan

The big story in December from the Hong Kong market came in the unlikely form of the Link REIT versus a 67 year-old public housing tenant. The USD 2.7 billion IPO was cancelled following a legal challenge by the tenant. The tenant now has until mid-January to appeal a ruling on the sale. The Chairman of the Hong Kong Housing Authority, Michael Suen, said, "Since we don't know whether the applicant will appeal and how the court will rule, the Housing Authority has decided the Link REIT will not proceed as scheduled. Investors who bought shares in the trust in December were refunded on 20 December. Suen stated that the Housing Authority intended to re-launch the trust 'as soon as possible'.

The EPRA/NAREIT Australia (AUD) finished 2004, 34.4% up. Australia added 5.2% in December. Retail investor Centro Properties, headed the Australian stocks for the year,

\* Compounded average annual returns for the 5 years period 1999-2004.



53.2% ahead. Macquarie Goodman Industrial tucked into second spot (+ 48.4%), and diversified investor General Property Trust added 32.4%.

Merger and acquisitions continue in the Australian market. 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. MGM and MGI shareholders will vote on the proposal in 25 January 2005, with the proposed merger date being early February 2005. Macquarie Industrial Trust added 16.7% in December.

GPT shareholders were advised to reject the takeover offer by Stockland by the independent directors in December. The directors stated that the offer does not represent fair value for GPT shareholders. The bid valued GPT at AUD 7.3 billion. GPT ended the December with a gain of 2.8%. The number of listed property trusts has halved in the last years. During 2004, there were 15 big takeovers in the sector. Analysts attribute the consolidation to a lack of available property. Trusts own the top properties such as retail outlets and office blocks.

The EPRA/NAREIT Singapore Index (SGD) ended the month up 2%, and the year 32.4% ahead. Big performers over the course of 2004 were Capitaland (+ 59.9%), Ascendas REIT (+ 56.6%) and Keppel Land (+ 44.9%). In December, Keppel Land jumped 8.7%.

The EPRA/NAREIT Japan Index was up 31.2% in 2004. The index added 3.6% in December. Diversified developer Tokyu Land ended the year + 87.2%, achieving number one slot in the Japanese performers. Investor Toc Co jumped 66.6% and Tokyo Tatemono finished + 57.3% up. The growth of the J-REIT market in the past couple of years means the Japanese market is now the second largest in the Asian region (after Australia – EUR 40 Bn) with a market capitalisation size of EUR 32 billion. Average J-REIT performance in 2004 was approximately 33%.

## Europe

The EPRA Europe Index (EUR) drove forward strongly in 2004. The EPRA Europe Index leapt almost 42% over the course of the year. The index added 5.8% in December, to complete a very profitable period for investors. Europe proved the best performing of the three regions in 2004. EPRA Sweden (SEK) led the advance (+ 48.8%), followed by EPRA UK (GBP) (+ 46%) and EPRA France (EUR) (+ 41.9%). EPRA Netherlands was the only major European country to not achieve a performance above 40%, however the 29.5% still provided an extremely attractive return over the year. Broad European volatility stands at approximately 14%.

Country	Dec 2004 Return %	2004 Return %	99-04 (5 Years) Return %	Average Annual Return %*
Europe (EUR)	+ 5.8	+ 41.7	+ 104.7	+ 15.4
UK (GBP)	+ 10.3	+ 46.0	+ 124.6	+ 17.6
Netherlands (EUR)	+ 4.1	+ 29.5	+ 51.2	+ 8.6
France (EUR)	+ 6.1	+ 41.9	+ 92.2	+ 14.0
Sweden (SEK)	+ 2.8	+ 48.8	+ 181.6	+ 23.0

Source: EPRA/MSCI/JP Morgan

Swedish residential developer, JM, topped the European performers list for 2004, with a tremendous advance of 85.4%. Capital & Regional topped the UK performers list. The retail investor gained 75.2%. NHP added 71.1% in 2004, fuelled by the current takeover offer by TBG CareCo. The offer is currently extended to 12 January 2005, with approximately 67% of shares currently subscribed to the offer.

Wihlborgs the Swedish Investor plans to spin off its properties in the Oeresund region worth SEK 7 billion (USD 1.03 bn). The proposal will be made to shareholders at its annual conference in May.

## European Public Real Estate Association



### North America

Over the Atlantic, US real estate stocks were ahead 33.8% in USD terms over the course of the year. EPRA/NAREIT Canada (CAD) also hit a positive note, with a gain of 18.7%. The EPRA/NAREIT North America Index (USD) pushed forward 33.5% in 2004.

Country	Dec 2004 Return %	2004 Return %	99-04 (5 Years) Return %	Average Annual Return %*
North America (USD)	+ 5.2	+ 33.5	+ 168.9	+ 21.9
United States (USD)	+ 5.3	+ 33.8	+ 168.4	+ 21.8
Canada (CAD)	+ 4.2	+ 18.7	+ 142.0	+ 19.3

Source: EPRA/MSCI/JP Morgan

Hotel stocks topped the performance rankings in 2004. Investor LaSalle Hotel Properties topped the performance rankings in North America with a gain of 76.4% followed by developer Starwood Hotels (+ 64.7%). Starwood Hotels is currently the largest stock in North America in free float market capitalisation terms. Residential investor Avalonbay Communities, hit third position in the performance chart, with 63.4%.

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. Camden Properties (+ 5.3%) and Summit Properties (+ 5%) both advanced in December.



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

Total Return		Div	Total	Total	Total	Total	Total	Total	
Index Description	Curr	Yld (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	36 Mths
		31-Dec-04	- 5 Yrs	- 3 Yrs	- 1 Yr	QTD	Dec-04	YTD	Vity (%)
Global	EUR	3.73	10.87	9.04	28.03	7.70	3.13	28.03	12.64
Asia	EUR	2.63	3.11	6.11	27.00	6.78	1.74	27.00	15.88
Europe	EUR	3.36	15.40	20.43	41.73	13.68	5.83	41.73	13.14
North America	EUR	4.44	15.69	6.95	23.90	6.02	2.85	23.90	14.66
Global Ex-Asia	EUR	4.14	15.27	10.34	28.47	8.04	3.66	28.47	12.81
Global Ex-Europe	EUR	3.83	9.44	6.44	24.83	6.29	2.48	24.83	13.78
Global Ex-North America	EUR	2.94	8.48	11.97	33.08	9.60	3.44	33.08	12.90
Asia	EUR	2.63	3.11	6.11	27.00	6.78	1.74	27.00	15.88
Pure Asia	EUR	3.29	3.10	6.09	26.95	6.74	1.49	26.95	15.88
Japan	JPY	1.30	11.02	13.64	31.22	8.00	3.55	31.22	26.31
Australia	AUD	3.95	14.13	14.92	34.40	10.18	5.23	34.40	8.31
Pure Australia	AUD	6.39	14.43	15.41	36.13	11.60	5.92	36.13	8.48
Hong Kong	HKD	2.08	4.65	13.19	35.21	13.99	0.86	35.21	28.40
Singapore	SGD	3.14	3.16	8.60	32.40	10.17	1.98	32.40	24.55
Europe	EUR	3.36	15.40	20.43	41.73	13.68	5.83	41.73	13.14
Europe Net	EUR	2.52	-NA-	-NA-	-NA-	13.56	5.79	-NA-	-NA-
Euro Zone	EUR	4.49	15.82	23.62	37.95	12.02	3.82	37.95	11.19
Euro Zone Net	EUR	3.37	-NA-	-NA-	-NA-	11.80	3.79	-NA-	-NA-
Europe Ex UK	EUR	4.34	16.67	23.17	37.94	12.15	3.33	37.94	10.74
Europe Ex UK Net Index	EUR	3.26	15.33	21.70	36.25	11.96	3.31	36.25	10.70
Europe Liquid 40	EUR	3.26	15.08	20.84	43.06	14.38	5.98	43.06	13.34
Europe Liquid 40 Net	EUR	2.44	-NA-	-NA-	-NA-	14.27	5.96	-NA-	-NA-
Europe Liquid 40 Ex UK	EUR	4.12	17.83	26.76	40.55	12.84	3.48	40.55	11.15
Europe Liquid 40 Ex UK Net	EUR	3.09	-NA-	-NA-	-NA-	12.67	3.48	-NA-	-NA-
UK	GBP	2.41	17.56	24.21	45.99	18.80	10.30	45.99	16.92
UK Net Index	GBP	1.81	-NA-	-NA-	-NA-	15.14	8.29	-NA-	-NA-
Netherlands	EUR	5.98	16.77	23.66	38.02	12.32	4.14	38.02	12.46
France	EUR	4.04	18.38	28.14	49.81	16.22	6.13	49.81	13.05
Spain	EUR	2.94	24.22	40.02	51.87	6.44	1.61	51.87	20.32
Germany	EUR	4.31	4.61	2.05	22.65	15.69	3.40	22.65	29.92
Belgium	EUR	6.07	9.80	14.28	16.13	4.67	1.23	16.13	5.48
Austria	EUR	-	6.63	8.88	11.75	5.39	1.74	11.75	3.74
Italy	EUR	1.77	21.44	17.91	47.89	11.76	4.94	47.89	18.64
Finland	EUR	4.72	21.23	27.85	17.39	8.21	0.38	17.39	17.56
Greece	EUR	2.39	3.88	6.39	17.97	9.78	1.81	17.97	10.27
Denmark	EUR	3.14	28.17	45.85	60.24	26.49	9.68	60.24	62.33
Switzerland	CHF	3.63	5.89	10.46	20.51	3.27	1.62	20.51	6.34
Sweden	SEK	3.66	23.01	26.75	48.81	18.23	2.77	48.81	16.89
Nth America	EUR	4.44	15.69	6.95	23.90	6.02	2.85	23.90	14.66
Nth America	USD	4.44	21.87	23.48	33.51	16.03	5.19	33.51	14.47
United States	USD	4.41	21.83	23.18	33.83	16.07	5.30	33.83	14.67
Canada	CAD	5.00	19.33	18.31	18.72	9.11	4.24	18.72	10.90

Source: EPRA/MSCI/JP Morgan

The EPRA Monthly Statistical Bulletin is available for EPRA members 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 31 December, there were a total of 243 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