



## FTSE EPRA/NAREIT Global Real Estate Index

### Small loss in March for Global Real Estate

The FTSE EPRA/NAREIT Global Real Estate Index posted a loss of 38bps in March. It is worth recapping that over the course of 2004, Global Real Estate recorded a very impressive performance of +28%. In March, the Global Equity market added 20bps and Global Bonds added 46bps. The three regions had a mixed month. Asia lost 1.1% and Europe shed 2%, while North America pushed forward 70bps. 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 9.5% annually, Global Equities declined 8.3% in comparison, and Global Bonds added 6.2%. As a result, over the total five-year period, Global Real Estate returned 57.6%, Global Equities lost 35%, and Global Bonds added 35.4%.

Asset Classes (EUR)	Mar 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	- 0.38	+ 28.0	+ 57.6	+ 9.5
Global Equities	+ 0.20	+ 6.9	- 35.0	- 8.3
Global Bonds	+ 0.46	+ 5.5	+ 35.4	+ 6.2
Europe Real Estate	- 2.00	+ 41.7	+ 105.4	+ 15.5
N. America Real Estate	+ 0.70	+ 23.9	+ 90.9	+ 13.8
Asia Real Estate	- 1.14	+ 27.0	+ 17.7	+ 3.3

Source: EPRA/MSCI/JP Morgan

### Asia / Pacific

In the Asia/Pacific region, all the major countries fell behind. The EPRA/NAREIT Japan Index was least hit, ending the month down 24bps. New FTSE EPRA/NAREIT constituent Aeon Mall added 10% during the month. Office focused NTT Urban Development climbed 6.4%. Daikyo announced in March that Orix now holds 44% of the company. In a fairly quiet month for the Australian market, the EPRA/NAREIT Australia (AUD) finished behind 1.3%.

In March, Hong Kong continued to lose ground. EPRA/NAREIT Hong Kong (HKD) posted a 2.5% loss during the month. Office developer Great Eagle fell 17.1% in March after the company announced that net profits had fallen six percent in 2004. China Overseas Land was also heavily hit during the month (- 14.6%). Kerry Properties fell 8.3% after the company sold USD 321 million of bonds convertible to stock. The bonds triggered selling because they will dilute earnings per share, according to Atlantis Investment Management.

The Link REIT's CFO Alfred Li announced he had resigned in March for personal reasons. Hong Kong's high court approved a bid by public housing tenant Lo Siu Lan to extend the time she has to appeal the court's decision to dismiss her lawsuit against the USD 2.7 billion sale of the Link REIT in February. No date has been set for the completion of the court case.

EPRA/NAREIT Singapore Index (SGD) propped up the country performers, losing 3.2% in March. Office developer Keppel Land (- 8%) was hardest hit during the month. Capitaland dropped 5.2%. Both Singapore developers are expanding into the Chinese market and the stocks fell on concern that interest rates in Asia's second largest economy will rise, crimping the demand for real estate. Capitaland has stated that China will be its biggest market within three years. Both companies are both expanding in the world's most populous nation to counter slowing growth in their home market of four million people. Nevertheless, March's increase in US interest rates fuelled concern that China would follow.

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Country	Mar 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	- 1.14	+ 27.0	+ 17.7	+ 3.3
Australia (AUD)	- 1.27	+ 34.4	+ 80.0	+ 12.5
Hong Kong (HKD)	- 2.52	+ 35.2	+ 26.6	+ 4.8
Japan (JPY)	- 0.24	+ 31.2	+ 46.0	+ 7.9
Singapore (SGD)	- 3.17	+ 32.4	+ 34.6	+ 6.1

Source: EPRA

## Europe

In the third month of 2005, the EPRA Europe Index lost 2% to undo some of the good work year to date. Of the major countries in Europe, EPRA Sweden (SEK) led the way with an increase of 6.4% in March. EPRA France added 55bps and EPRA Netherlands lost 43bps. EPRA UK (GBP) was hardest hit over the course of the month, losing 4.5%. Investors seem frustrated at the slow progress by the UK Government in adopting REIT type legislation. Broad European volatility stands at approximately 13%.

Country	Mar 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	- 2.00	+ 41.7	+ 105.4	+ 15.5
UK (GBP)	- 4.53	+ 46.0	+ 119.4	+ 17.0
Netherlands (EUR)	- 0.43	+ 29.5	+ 131.5	+ 18.3
France (EUR)	+ 0.55	+ 41.9	+ 151.7	+ 20.3
Sweden (SEK)	+ 6.4	+ 48.8	+ 198.4	+ 24.4

Source: EPRA

The top performer in Europe, for the second month running, came from Sweden – office investor, Kungsleden, leapt ahead 15.7% in March. Marylebone Warwick Balfour (UK) jumped 13.3% during the month, followed by the French office investor Gecina (+ 8.8%). At the bottom end of the scale, London Merchant propped up the European stocks, with a loss of 9.4%. Italian Office Investor Beni Stabli lost 7.6% and Citycon (Finland), also February's worst European performer, continued to fall (- 7.5%).

Metrovacesa, Spain's largest real estate company added 5.5% in March, following the announcement of its bid for Gecina. The company expects the offer period to begin on 4 April and close on 2 May. The bid values Gecina at EUR 5.5 billion. The deal would be the second largest in the European real estate sector in six years. Metrovacesa Chairman Joaquin Rivero said he wants to expand in France to access some of the highest office rents in Europe and take advantage of the tax breaks.

Industrial Funds Ltd, a company owned by Warner Estates and Anglo Irish Bank agreed to buy UK industrial investor Ashtenne Holdings for GBP 170 million. The bid will offer Ashtenne shareholders GBP 4.70 a share in cash, including a special dividend of GBP 1.40. Ashtenne rose 7.8% during the month. Philip Warner, Chairman of Warner Estates said, "Its been our stated strategy to boost our asset-management business and Ashtenne has a very big asset management business." The acquisition of Ashtenne will boost Warner's assets under management to GBP 750 million. Property Week reports that approximately 35 UK real estate companies have gone private since 2000.

Interest in the Guernsey domiciled listed property trust sector increased in March as changes in the ground rules of the FTSE EPRA/NAREIT Global Real Estate Index opened the doors for their inclusion. As at 21 March, ISIS Property Trust 1 & 2, Insight Foundation Property Trust, Standard Life Inv Property Trust, and SWIP UK Balanced all entered the index. F&C Commercial Property Trust entered the index as at 29 March on the 'fast track' rule. All trusts produced positive results in March.

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## North America

Over the Atlantic, US real estate stocks posted a disappointing month (- 1.3%) in USD terms and are now 6.8% behind year to date. EPRA/NAREIT Canada (CAD) also hit a negative note, with a loss of 3.8%. The EPRA/NAREIT North America Index (USD) was pushed back 1.4% during the month.

Country	Mar 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	- 1.40	+ 33.5	+ 148.8	+ 20.0
United States (USD)	-1.34	+ 33.8	+ 147.1	+ 19.8
Canada (CAD)	- 3.84	+ 18.7	+ 148.2	+ 19.9

Source: EPRA

Residential investor Affordable Residential Communities (+ 7.1%) topped the North American performers list in March. The company entered the FTSE EPRA/NAREIT Global Real Estate Index on the 21 March. Office investor Trizec Properties moved on 7% during the month and Winston Hotels, the US hotel developer added 6.3%.

At the bottom end, retail investor Trustreet Properties dropped 12.4%, to hold up the North American stocks. Hotel investor Strategic Hotel Capital lost 9.2%, residential investor BRE Properties fell 8.7%, and Calloway REIT, the Canadian retail investor slipped 8.2%

Cornerstone Realty Trust will be deleted on 4 April from the FTSE EPRA/NAREIT Global Real Estate Index following its merger with Colonial Property Trust. Summit Properties was deleted from the index on 1 March following its merger with Camden Property Trust.



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

Index Description	Curr	Close Value 31-Mar	Div Yld (%) 31-Mar	Total Rtn (%) QTD	Total Rtn (%) Mar-05	Total Rtn (%) YTD	36 Mths Vlty (%)
<b>Global</b>	<b>EUR</b>	<b>1,665.43</b>	<b>4.16</b>	<b>-0.57</b>	<b>-0.38</b>	<b>-0.57</b>	<b>12.48</b>
Asia	EUR	1,178.69	3.34	1.14	-1.14	1.14	15.73
Europe	EUR	2,074.81	3.42	1.37	-2.00	1.37	13.08
North America	EUR	2,027.45	4.90	-2.17	0.70	-2.17	14.52
Global Ex-Asia	EUR	2,011.13	4.48	-1.19	-0.08	-1.19	12.61
Global Ex-Europe	EUR	1,553.23	4.35	-1.06	0.04	-1.06	13.58
Global Ex-North America	EUR	1,520.70	3.37	1.23	-1.51	1.23	12.96
<b>Asia</b>	<b>EUR</b>	<b>1,178.69</b>	<b>3.34</b>	<b>1.14</b>	<b>-1.14</b>	<b>1.14</b>	<b>15.73</b>
Pure Asia	EUR	1,170.20	3.62	0.45	-0.54	0.45	15.72
Japan	JPY	1,732.96	1.36	2.77	-0.24	2.77	24.07
Australia	AUD	1,892.96	5.33	-2.27	-1.27	-2.27	8.33
Pure Australia	AUD	1,864.31	6.42	-4.97	0.21	-4.97	8.85
Hong Kong	HKD	1,162.08	2.48	-7.40	-2.52	-7.40	28.12
Singapore	SGD	896.69	2.92	5.26	-3.17	5.26	23.27
New Zealand	NZD	1,018.02	7.68	1.80	-2.59	1.80	-NA-
<b>Europe</b>	<b>EUR</b>	<b>2,074.81</b>	<b>3.42</b>	<b>1.37</b>	<b>-2.00</b>	<b>1.37</b>	<b>13.08</b>
Europe Net Index	EUR	1,313.35	2.56	1.30	-2.03	1.30	-NA-
Euro Zone	EUR	2,186.20	4.40	4.88	-0.20	4.88	11.19
Euro Zone Net Index	EUR	1,340.65	3.30	4.80	-0.23	4.80	-NA-
Europe Ex UK	EUR	2,279.84	4.25	5.46	0.35	5.46	10.65
Europe Ex UK Net Index	EUR	2,276.81	3.19	5.35	0.28	5.35	10.59
Europe Liquid 40	EUR	2,030.43	3.37	0.62	-2.24	0.62	13.27
Europe Liquid 40 Net Index	EUR	2,012.21	2.53	0.55	-2.28	0.55	-NA-
Europe Liquid 40 Ex UK	EUR	2,391.24	4.09	5.28	0.20	5.28	11.10
Europe Liquid 40 Ex UK Net Index	EUR	2,350.61	3.07	5.16	0.13	5.16	-NA-
UK	EUR	1,911.28	2.57	-2.62	-4.33	-2.62	16.91
UK Net Index	EUR	1,265.28	1.93	-2.64	-4.33	-2.64	-NA-
Netherlands	EUR	2,178.91	5.89	0.35	-0.43	0.35	12.28
France	EUR	2,474.46	4.32	6.44	0.55	6.44	13.02
Sweden	EUR	2,965.83	3.50	11.69	5.26	11.69	17.93
Spain	EUR	3,671.60	2.48	24.15	4.65	24.15	20.91
Switzerland	EUR	1,399.57	3.59	1.78	-1.09	1.78	7.12
Germany	EUR	858.79	3.97	8.76	-3.61	8.76	30.45
Belgium	EUR	1,616.41	6.00	1.28	-2.57	1.28	5.79
Austria	EUR	1,376.54	0.00	-0.14	-1.12	-0.14	3.86
Italy	EUR	2,796.65	1.66	5.87	-3.72	5.87	18.97
Finland	EUR	2,704.49	6.20	3.28	-2.66	3.28	17.91
Denmark	EUR	222.38	2.71	16.06	1.13	16.06	61.42
Greece	EUR	947.91	2.22	15.56	7.30	15.56	-NA-
UK	GBP	2,124.32	2.57	-5.40	-4.53	-5.40	17.21
Switzerland	CHF	1,358.27	3.59	2.01	-0.31	2.01	6.46
Sweden	SEK	3,188.07	3.50	13.20	6.39	13.20	17.15
<b>Nth America</b>	<b>USD</b>	<b>2,515.30</b>	<b>4.90</b>	<b>-6.46</b>	<b>-1.40</b>	<b>-6.46</b>	<b>15.36</b>
United States	USD	2,500.38	4.84	-6.84	-1.34	-6.84	15.58
Canada	CAD	2,465.22	5.84	1.88	-3.84	1.88	11.33

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 FTSE 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 275 stocks in the index.

European Public Real Estate Association