



FTSE EPRA/NAREIT Global Real Estate Index

Strong month for Global Real Estate

The FTSE EPRA/NAREIT Global Real Estate Index posted a strong gain of 6.5% in May. Year to date, the global index now stands on positive ground (+10.1%). In May, the Global Equity market added 6.5% and Global Bonds added 86 bps. All three real estate regions ended the month ahead. Asia added 3.3%, Europe climbed 7%, and North America pushed forward strongly 8.1%. 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 11.9% annually, Global Equities declined 6.7% in comparison, and Global Bonds added 6.6%. As a result, over the total five-year period, Global Real Estate returned 75.7%, Global Equities lost 29.2%, and Global Bonds added 37.9%.

Asset Classes (EUR)	May 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	+ 6.5	+ 28.0	+ 75.7	+ 11.9
Global Equities	+ 6.5	+ 6.9	- 29.2	- 6.7
Global Bonds	+ 0.9	+ 5.5	+ 37.9	+ 6.6
Europe Real Estate	+ 7.0	+ 41.7	+ 121.9	+ 17.3
N. America Real Estate	+ 8.1	+ 23.9	+ 97.3	+ 14.6
Asia Real Estate	+ 3.3	+ 27.0	+ 41.5	+ 7.2

Source: EPRA/MSCI/JP Morgan

Asia / Pacific

In the Asia/Pacific region, the majority of countries moved forward. The EPRA/NAREIT Hong Kong Index was the only country to fall behind, ending the month down 1%. In another steady month for the Australian market, the EPRA/NAREIT Australia (AUD) finished up 80bps. EPRA/NAREIT Singapore tip-toed ahead 3 bps, and EPRA/NAREIT Japan scored +2.8%. Asia is the most volatile of the three regions at just under 16%.

Country	May 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	+ 3.3	+ 27.0	+ 41.5	+ 7.2
Australia (AUD)	+ 0.8	+ 34.4	+ 76.8	+ 12.1
Hong Kong (HKD)	- 1.0	+ 35.2	+ 75.8	+ 11.9
Japan (JPY)	+ 2.8	+ 31.2	+ 26.1	+ 4.8
Singapore (SGD)	+ 0.03	+ 32.4	+ 66.9	+ 10.8

Source: EPRA

Tokyu Land, the Japanese diversified developer, headed the Asian stocks in May. The company added 9.9%. Ascendas REIT of Singapore was just behind, with an advance of 9.6%. Ascendas REIT announced in May that it had enhanced its portfolio with two acquisitions totalling \$ 71 million, and the purchase of a building for \$ 31 million.

The Japanese land prices in the six largest cities – Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe gained 0.2 percent from October to March, the first increase in more than 14 years. In a survey by the land ministry, real estate investments in the form of securities transactions increased almost 90% in the previous fiscal year to \$ 70 billion. It is commonly cited that economic recovery in Japan and expansion across Asia are underpinning the real estate market. The Organisation for Economic Cooperation and Development (OECD) said that Asia's prospects 'remained bright'.

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Developer Sino Land was the only Hong Kong company in the top 20 Asian performers list in May. Sino Land pushed ahead 9.6%. The compiler of the Hang Seng Index announced, after the close of business on 13 May, that Sino Land would rejoin the index. The change means that large index tracker funds such as \$ 3.6 billion Tracker fund of Hong Kong and the \$ 1 billion Hang Seng Index ETF are required to buy the stock. Sino also announced that it had asked banks to arrange a HK\$ 2.5 to HK\$ 3 billion five-year facility to be secured by its flagship mall. In addition, the company announced plans to sell a residential site to its chairman, Robert Ng for HK\$ 140 million to focus on industrial and commercial properties. In turn, the Ng brothers will sell industrial and commercial properties to Sino Land for HK\$ 134 million. Touching on the Hong Kong market as a whole, there are fears that should the differential between Hong Kong interest rates and higher US interest rates become narrower, there will be a negative impact on the Hong Kong real estate market.

At the bottom end of the performers, the Australian developers were hit hard. FKP Property Group dropped 21% in May. Australand Property Group lost 11.3%. Investor Mirvac Group, announced that it was downgrading profits by almost 10% on 2004 figures. In addition, official confirmation by property developers that there is a glut of apartments on the market also contributed to a fall in stocks and the Australian Bureau of Statistics revealed a 6.8% fall in building approvals during March 2005, around 20% lower than the corresponding period in 2004.

Lo Siu-Lan, the Hong Kong public housing tenant who delayed the sale of the \$ 2.7 billion Link REIT, failed in her bid to overturn a ruling that shortened the period she was allowed to challenge the decision that legalised the asset sale. The Court of Final Appeal hearing is fixed for 5 and 6 July. The court will finally determine, whether or not, the Housing Authority has the authority to divest its retail and car-parking facilities. The IPO of the Link REIT was postponed on 20 December because the original litigation wasn't disclosed in the sale document.

Europe

In May, the EPRA/NAREIT Europe Index gained 7% to add to the good work year to date (+ 4.6%). Of the major countries in Europe, EPRA/NAREIT Sweden (SEK) led the way, for the third consecutive month, with an increase of 9.1% in May. EPRA/NAREIT France added 8.1% and EPRA/NAREIT Netherlands pushed on 6.9%. EPRA/NAREIT UK (GBP) was close behind its neighbours, adding 6.5%. The UK advance moves property stocks into the black (+ 1.2%) year to date. Broad European volatility stands at approximately 13%, the lowest of the three regions.

Country	May 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	+ 7.0	+ 41.7	+ 121.9	+ 17.3
UK (GBP)	+ 6.5	+ 46.0	+ 125.5	+ 17.7
Netherlands (EUR)	+ 6.9	+ 29.5	+ 132.9	+ 18.4
France (EUR)	+ 8.1	+ 41.9	+ 181.7	+ 23.0
Sweden (SEK)	+ 9.1	+ 48.8	+ 240.7	+ 27.8

Source: EPRA

The French stock market regulator announced on 1 June that Metrovacesa owns 68.5% of Gecina after its € 5.5 billion bid for France's second largest real estate company. Metrovacesa, Spain's largest real estate company, plans to borrow € 7.57 billion from more than 25 banks to finance the deal and use the remaining € 2.07 billion to refinance the existing debt of Gecina and itself. The banks, led by the Royal Bank of Scotland and Morgan Stanley met on 13 April in Madrid to discuss the transaction. In addition, Metrovacesa announced plans to sell two Madrid buildings for € 650 million. 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. Metrovacesa advanced 23.4% during the month and Gecina jumped forward 11.3%.

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Land Securities, the Europe's largest property company, tabled a bid of £ 5.15 per share (£ 237 million) for Tops Estates, the companies announced on 6 May. The purchase will add seven UK shopping centres to Land Securities portfolio. Land Securities CEO, Francis Salway, said in a statement, "Tops Estates' portfolio is located in medium to large sized conurbations across the UK and offers ongoing asset enhancement opportunities." Land Securities added 7.5% in May.

British Land, UK's second largest property company, agreed to buy Pillar Property for £ 811 million in May. The deal will result in British Land adding retail parks such as Glasgow Fort and Borehamwood Shopping Park near London to its portfolio. The bid of £ 8.55 per share was 7.5% more than the closing price on 19 May, the day before the bid was made public. Pillar advanced 11.7% in May. British Land added 6.4% during the month. Pillar will not pay a final dividend.

Industrial Funds Ltd (IFL), a company owned by Warner Estates and Anglo Irish Bank announced on 16 May that its cash offer for Ashtenne was wholly unconditional. IFL had received valid acceptances representing 92.1% of the share capital of Ashtenne. Ashtenne was deleted from the FTSE EPRA/NAREIT Global Real Estate Index as at 23 May.

North America

Over the Atlantic, US real estate stocks posted a pleasing month (+ 3.3%) in USD terms, and are now just ahead (+ 1.1%) year to date. EPRA/NAREIT Canada (CAD) also hit a positive note, with a gain of 4%. The EPRA/NAREIT North America Index (USD) pushed on 3.4% during the month. Volatility in North America is 15.5%.

Country	May 2005 Return %	2004 Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	+ 3.4	+ 33.5	+ 150.0	+ 20.1
United States (USD)	+ 3.3	+ 33.8	+ 148.7	+ 20.0
Canada (CAD)	+ 4.0	+ 18.7	+ 143.1	+ 19.4

Source: EPRA

Hotel stocks featured at both ends of the performers scale last month. Top performer in the North American region was Meristar Hospitality. Meristar marched forward 22.5% during the month. Hotel developer Strategic Hotel Capital, added an impressive 15.6% in May with Felcor Lodging (+ 13.7%) not too far behind. At the bottom end, Winston Hotels lost 8.7%.

In Canada, Borealis Retail REIT changed its name to Primaris Retail REIT on 17 May.



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

Total Return							
Index Description	Curr	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%) QTD	Total Rtn (%) May-05	Total Rtn (%) YTD	36 Mths Vlty (%)
Global	EUR	1,844.55	3.98	10.76	6.54	10.13	13.03
Asia	EUR	1,242.28	3.28	5.39	3.34	6.60	15.82
Europe	EUR	2,292.34	3.15	10.48	7.01	11.99	13.40
North America	EUR	2,308.02	4.65	13.84	8.08	11.36	15.20
Global Ex-Asia	EUR	2,270.30	4.24	12.89	7.78	11.54	13.38
Global Ex-Europe	EUR	1,721.42	4.19	10.83	6.42	9.66	14.05
Global Ex-North America	EUR	1,634.77	3.23	7.50	4.87	8.82	13.16
Asia	EUR	1,242.28	3.28	5.39	3.34	6.60	15.82
Pure Asia	EUR	1,227.28	3.13	4.88	2.88	5.35	15.78
Japan	JPY	1,689.47	1.43	-2.51	2.76	0.19	22.43
Australia	AUD	1,915.64	6.13	1.20	0.76	-1.09	8.34
Pure Australia	AUD	1,844.16	1.43	-1.08	-1.71	-5.99	9.00
Hong Kong	HKD	1,214.16	2.49	4.48	-0.95	-3.25	27.59
Singapore	SGD	963.29	2.85	7.43	0.03	13.08	23.12
New Zealand	NZD	1,063.06	5.95	4.42	2.61	6.31	-NA-
Europe	EUR	2,292.34	3.15	10.48	7.01	11.99	13.40
Europe Net Index	EUR	1,446.41	2.36	10.13	6.91	11.57	-NA-
Euro Zone	EUR	2,442.75	4.15	11.73	7.70	17.19	11.51
Euro Zone Net Index	EUR	1,489.21	3.11	11.08	7.53	16.41	-NA-
Europe Ex UK	EUR	2,561.03	3.94	12.33	7.77	18.47	11.14
Europe Ex UK Net Index	EUR	2,542.79	2.96	11.68	7.59	17.65	11.07
Europe Liquid 40	EUR	2,256.02	3.12	11.11	7.52	11.80	13.61
Europe Liquid 40 Net Index	EUR	2,229.10	2.34	10.78	7.44	11.39	-NA-
Europe Liquid 40 Ex UK	EUR	2,694.83	3.83	12.70	8.15	18.65	11.56
Europe Liquid 40 Ex UK Net Index	EUR	2,634.78	2.87	12.09	7.99	17.87	-NA-
UK	EUR	2,076.02	2.32	8.62	6.21	5.77	17.00
UK Net Index	EUR	1,373.64	1.74	8.56	6.21	5.69	-NA-
Netherlands	EUR	2,389.34	5.57	9.66	6.87	10.04	12.48
France	EUR	2,794.56	4.36	12.94	8.11	20.21	13.21
Sweden	EUR	3,520.61	3.32	18.71	9.74	32.58	18.77
Spain	EUR	4,429.33	2.09	20.64	16.26	49.77	21.56
Switzerland	EUR	1,514.16	2.33	8.19	4.97	10.11	7.58
Germany	EUR	955.57	3.60	11.27	6.57	21.02	30.41
Belgium	EUR	1,445.43	0.00	5.00	3.97	4.85	4.26
Austria	EUR	1,749.10	6.10	8.21	3.86	9.59	6.19
Italy	EUR	3,150.31	2.31	12.65	3.52	19.26	19.48
Finland	EUR	3,063.02	5.50	13.26	6.88	16.97	17.11
Denmark	EUR	264.64	4.25	19.00	9.96	38.12	62.03
Greece	EUR	964.74	2.18	1.78	1.93	17.61	-NA-
UK	GBP	2,272.79	2.32	6.99	6.45	1.21	17.18
Switzerland	CHF	1,458.26	2.33	7.36	5.00	9.52	6.87
Sweden	SEK	3,779.84	3.32	18.56	9.08	34.21	17.92
Denmark	DKK	265.07	4.25	18.89	9.90	38.20	61.97
Nth America	USD	2,720.17	4.65	8.14	3.37	1.16	15.49
United States	USD	2,712.11	4.59	8.47	3.33	1.05	15.73
Canada	CAD	2,636.80	5.78	6.96	3.97	8.97	11.24

Source: EPRA

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The EPRA Monthly Statistical Bulletin is available for EPRA members from 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 May, there were a total of 274 stocks in the index.

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