EPRA News ISSUE 18

GUEST EDITOR **Steve Hays**

MARKETING, MEDIA AND REAL ESTATE

FEATURES

INTERVIEW WITH ANTONIO TRUEBA
APREA
BEST ANNUAL REPORT AWARD
US INTERNATIONAL INVESTORS

MARKET FOCUS

BRITISH LAND
UK REITS
RETAIL

EPRA NEWS - ISSUE 18

As at 15 June 2006

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- MN Services
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- Nieuwe Steen Investments
- PGGM
- Philips Pension Fund
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- Rodamco Europe
- SBA Artsenpensioenfondsen
- SPF Beheer
- VastNed Offices/Industrial
- Wereldhave

RUSSIA
- Eastern Property Holdings

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- Keppel Land
- National University of Singapore, Dept. of Real Estate

SPAIN
- Inmobiliaria Colonial
- Inmobiliaria Urbis
- Metrovacesa
- TESTA (Grupo Sacyr Vallehermoso)

SWEDEN
- Castellum

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- Big Yellow Group
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- CLS Holdings
- Credit Suisse First Boston
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- Freeport
- Goldman Sachs International
- Grainger Trust
- Great Portland Estates
- Hammerson
- Helical Bar
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- Land Securities
- Lehman Brothers
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- Linklaters
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- Merrill Lynch
- Morgan Stanley
- Nabarro Nathanson
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- Real Foundations
- Schroders
- Shaftesbury
- Slough Estates
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USA
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- Mercury Partners LLC
- MIT Center for Real Estate
- The Ohio State University
- Russell Investment Group
- Simon Property Group
- SNL Financial
- The Tuckerman Group
- The Wharton School, Zell-Lurie Real Estate Center, Univ. of Pennsylvania

July 2006, issue 18

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FROM EPRA

Welcome to the 18th edition of EPRA News. The feedback for the revamped version of the newsletter has been extremely positive since the launch in issue 16.

The demand for the EPRA conference in Budapest is as strong as ever. The number of places at the conference is restricted to 250 and places are going fast. It is recommended that people wishing to attend the conference should complete the registration form at the back of this newsletter promptly in order to avoid disappointment. Once again, conference places are restricted to EPRA members only. Completed registration forms can be faxed to: +31 20 405 3840.

Once again, we would like to encourage members to get involved with publication and come forward with suggestions for contributions and articles. We must ensure the newsletter is both topical and interesting for the reader.

Please send your comments and suggestions to: info@epra.com.

CONTENTS

By: Steve Hays, Director
Bellier Financial Marketing

Marketing, media and real estate

Steve Hays
Director, Bellier
Financial Marketing

Steve Hays was formerly Chief Correspondent for European Fund Management at Reuters news agency where he established the company's global real estate investment market coverage. Prior to this he was Reuters' Global Commodities Editor.

Since November, 2005 he has set-up up his own Amsterdam-based financial marketing and public relations company with his Dutch partner Edwin Nabbe.

Bellier Financial Marketing specialises in the fund management and real estate sectors and lists among its clients: ING Real Estate - The Hague, Credit Suisse – Amsterdam, IPD – London, Reuters – London, Finles Capital Management – Utrecht and Naissance Capital – Zurich.

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It's a sure sign that an asset class is gripping the attention of the financial markets when the media pack gets on the case and this is certainly true of the European real estate investment market over the past two years.

As capital flows into both listed stocks and unlisted funds have soared, on the back of rising institutional allocations and private investors diverting money from the vast pool of liquidity sloshing around the global system, a plethora of commentators and publications have leapt onto the back of the awakening property giant.

The industry itself has helped fuel the feeding frenzy with growing marketing budgets, translating into bigger banners on the Croisette in Cannes, glossier advertisements in magazines and more champagne receptions at conferences.

This chest thumping adds to all the fun, while the money rolls in and the key element in the investment process remains the skill of the real estate asset manager in selecting stock and getting access to scarce supply through carefully nurtured relationships with agents, before placing a glistening picture of the prize in the corporate brochure.

But the whole investment game is about to become a lot tougher as rising interest rates limit access to easy money and competition for capital intensifies within the expanding universe of private funds and in the listed sector. This is particularly true if REITs gain traction in the UK and Germany and we witness a string of new real estate IPOs.

The marketing of your brand and your performance will become much more important in this environment as investors get more selective, helped by the education and transparency provided by organisations such as EPRA, NAREIT and INREV.

Last year Sam Zell, the doyen of the U.S. public real estate market, told a group of journalists in New York that he expected international property behemoths to emerge in the future -- as they have in other industries ranging from autos to pharmaceuticals -- as the globalisation of the REIT model takes hold. He selected his own company Equity Office Properties, and mentioned ProLogis, Land Securities and Unibail, among others, as possible candidates for future global real estate giants. But for this process to take place, the selling of the corporate brand and its qualities will need to become as big a priority for the movers and shakers of the property industry as stock selection.

Just as new players are springing up in the European real estate industry and funds and companies are moving cross-border, so are the media messengers hitch-hiking on this rapidly developing story.

The national champions such as Estates Gazette/Property Week in the UK, Immobilien Zeitung/Immobilien Manager in Germany, Vastgoedmarkt/PropertyNL in the Netherlands, Fastighetsvarlden/Tidningen Fastighetsaktien in Sweden and Business Immo in France all appear to be developing more of an international flavour and expanding their investment content.

Interestingly, the European cross-border publications, with the exception of the stalwart EuroProperty from the Reed Elsevier stable, generally seem to be coming from new entrants into the regional property media space, mostly with financial editorial expertise honed outside the real estate market.

IPE Real Estate burst onto the scene a couple of years ago, emerging from a supplement of its parent Investment and Pensions Europe (IPE). The magazine has since grown into probably the broadest pan-European controlled circulation publication, with an accompanying online news service.

The original publisher of IPE Real Estate, Simon Butterworth, has gone on to launch his own company – Capital Financial Publishing (CFP) – which plans to launch directories of capital owners for the property industry supported by websites and magazines.

In Frankfurt, Property Finance Europe has sprung up to focus on the business of property finance in Europe outside of the UK, while in The Hague the free popular Europe Real Estate website, with its aggregation of corporate and market press releases, is seeing rising number of visitors and accompanies the ubiquitous yearbook distributed at conferences.

Growing competition in the property media and the greater sophistication of the real estate market itself, has led to a marked improvement in the quality of analysis emerging from these publications.

Global real estate benchmarker the Investment Property Databank (IPD) recently launched its subscription "Impulse" reports, allowing much broader market access to IPD's own analysis of its UK performance indices.

Since 2005, U.S.-based Private Equity Real Estate (PERE) has been impressing in Europe with the high standard of its editorial contributors and more Americans are on their way. Institutional Real Estate Inc. (IREI) plans to bring its unique investment forum model and newsletter from California to a European base in early 2007.

As the real estate investment market and the global capital markets increasingly converge, the electronic information and data vendors than bind the debt and equity markets together are eyeing property as possibly the next "big thing." The astonishing growth in equity and credit derivatives has raised hopes that the nascent property derivatives market could go the same way, creating the digital "Monopoly board game" of the future.

Both Reuters and Bloomberg have appointed European real estate correspondents in recent months and Reuters in particular is pushing forward with a news and data offering for real estate investors.

The rapidly evolving real estate media landscape in Europe is becoming increasingly tricky for corporate and fund marketing managers to navigate, but they must do so, if they are to place their companies at the forefront of the investment market ahead.

Europe Market Caps

Country	Stocks	Mkt Cap (€ Bn)	Div Yld
EPRA/NAREIT UK	40	54,84	2,22%
EPRA/NAREIT Netherlands	7	12,92	5,30%
EPRA/NAREIT France	10	12,88	3,01%
EPRA/NAREIT Austria	5	8,09	0,12%
EPRA/NAREIT Spain	2	6,59	1,67%
EPRA/NAREIT Sweden	6	4,88	4,48%
EPRA/NAREIT Germany	4	4,38	2,31%
EPRA/NAREIT Switzerland	4	3,25	0,46%
EPRA/NAREIT Belgium	5	2,29	6,04%
EPRA/NAREIT Italy	4	2,13	2,72%
EPRA/NAREIT Finland	3	1,07	4,76%
EPRA/NAREIT Denmark	3	0,81	0,75%
EPRA/NAREIT Poland	1	0,61	-NA-
EPRA/NAREIT Greece	2	0,56	1,63%
EPRA/NAREIT Norway	1	0,26	-NA-
EPRA/NAREIT Europe	97	115,55	2,60%
EPRA/NAREIT Global	**321**	**546,87**	**3,70%**

Source: EPPRA

Dutch Microcosm of European Real Estate Trends

The remarkable upsurge in transparency and understanding of real estate performance, which has accompanied the wave of capital into the investment market in Europe, owes no small credit to the influence of the Dutch property industry, that has punched far above its weight in this process.

Behind a small country, that boosts the second (see table) largest market capitalisation of quoted property companies in Europe and a total domestic institutional and listed corporate real estate portfolio estimated at €65 billion, lies the formidable force of the Dutch pension funds.

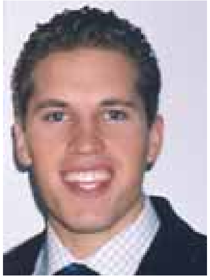
Giant pension funds such as ABP and PGGM, have consistently treated real estate, both listed and unlisted, as a unique asset class in its own right and poured billions of euros into bricks and mortar both at home and abroad. Investment on this scale, requires an indepth understanding of the markets and bodies who can represent and research the industry, so it's no surprise that both EPRA for European quoted property companies and INREV for private funds, have established their headquarters in Amsterdam.

The benchmark ROZ/IPD Netherlands' performance index now stands at €41 billion and encompasses an estimated 60% of the total holdings of domestic institutions, unlisted and listed property companies, as well foreign institutional investors. An achievement rivalled only by IPD's coverage in its UK home base. Dutch universities have also been pouring out highly qualified graduates in real estate theory, that would be the envy of most other markets.

This combination of capital, transparency and education has had a predictable impact on the trend in underlying Dutch real estate yields, which have spiralled downwards at an impressively brisk pace. Gross yields for office have fallen to between 5.75%-6.25% from 7.5% over five years and retail warehouses to 7.0% from 8.0%-8.5% in 2004.

So in many ways the Dutch market has become a microcosm of Europe as a whole and is in the vanguard when it comes to transparency and industry leadership. The Netherlands also had its own version of REITs long before they appeared on the British and German radar screens. Maybe a little too much flag waving by a Brit for my adopted homeland, but at the time of writing, I still hope the colours finally cheering the World Cup are red and white not Orange.

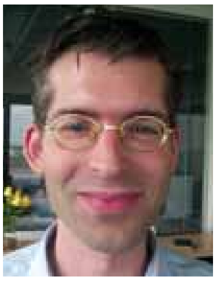
In the news



EPRA Research Position Changes

Jorrit Arissen joins ABP

Jorrit has decided to move to ABP Investments as an Analyst in the Asia Pacific listed Real Estate team. He joined EPRA as Researcher directly from Tilburg University after graduating in 2003. Jorrit has contributed enormously to EPRA's continued success over his term at the association and we wish every success in his future career.



Laurens Te Beek joins EPRA

We are pleased to announce that Laurens Te Beek takes over from Jorrit as Researcher. Laurens has a number of years experience at Euronext Amsterdam were he worked extensively on the FTSE EPRA/NAREIT Global Real Estate Indices. Prior to his move to EPRA he was employed by Investors Inc. We believe Laurens will fit well into the EPRA team and will make a valuable contribution to the goals of the association going forward. ◂

Antonio Trueba retires from Urbis

Antonio Trueba Bustamante, Head of Spanish real estate developer Urbis announced that he will retire in July. Antonio leaves after twelve years as head of the company. He retires for personal reasons. Antonio is interviewed later in this issue of the newsletter. Luis Maria Arredondo Malo will replace Antonio as the Chairman of the company. ◂

EPRA participation at NAREIT REIT Week in New York

NAREIT held its annual 'REIT Week' conference at the Waldorf-Astoria Hotel in New York in the week commencing 5 June. The conference was the largest yet, attracting over 1,700 attendees. Interestingly, the past few years has seen an increasing presence from Europe and Asia, further indication of the globalisation of the listed real estate sector. On the final day of the conference, Nick van Ommen, EPRA's CEO moderated a panel on the establishing 'Global Platform'. He was joined by Hans Volkens of Beiten Burkhardt G-REIT specialist from Germany, Mark Patterson, head of Global Real Estate at Merrill Lynch, Joseph Harvey, CIO at Cohen & Steers in New York and Suang Eng Tsan from European Investors. ◂

Nick van Ommen to continue at EPRA

EPRA's CEO Nick van Ommen has agreed to postpone his retirement until at least October 2007. Nick had previously announced that he would retire in October this year, following the 7th EPRA Annual Conference in Budapest in September. The EPRA Executive Board will search for Nick's potential long-term replacement in the meantime. Serge Fautre, EPRA's Chairman said, "The board is extremely happy that Nick has decided to commit at least another 12 months to the association ensuring that we have a strong figurehead and solid foundation to search for his long term successor. Since Nick's first involvement with EPRA in 1999 the association has gone from strength to strength and is now firmly viewed as the representative body for the listed real estate sector in Europe." ◂

IPF raise £1 million for research programme

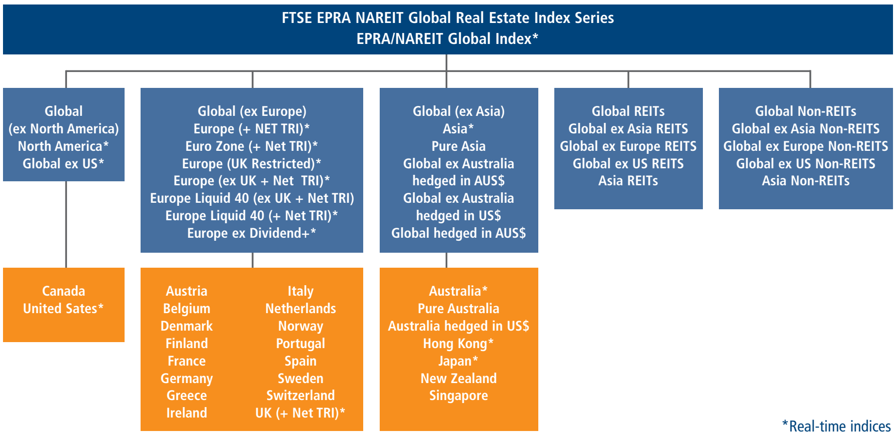
The Investment Property Forum (IPF) announced that it had secured £1 million to further their award winning[1] research programme. The IPF has been informing and educating the property industry in the UK for the past 20 years. Its research findings have been widely acclaimed as challenging, insightful and often unconventional, making them a 'must read' for everyone with an interest in property investment. The support comes from a group of 24 leading property organisations including the following EPRA members: British Land, Credit Suisse, Deloitte, GIC, Hammerson, Helical Bar, Land Securities, Lasalle Investment Management, Nabarro Nathanson, Quintain Estates, Standard Life and Scottish Widows. ◂

[1] The IPF's research programme was awarded the International Real Estates Society's Award for Corporate Excellence in 2005.

FTSE EPRA/NAREIT launch Global REIT and Hedged Indices

The FTSE EPRA/NAREIT Global Real Estate Index series continues to expand to meet the demand from clients. In April we announced that a Global REIT and Global Non-REIT series had been added to the series. In addition, FTSE EPRA/NAREIT launched a Global ex Australia Index hedged into AUD and USD, a Global Index hedged into AUD and an Australian Index hedged into USD. The full FTSE EPRA/NAREIT Global Real Estate Index series breaks down in the following index family tree. ◄

For more information on the FTSE EPRA/NAREIT Global Real Estate Index please visit: www.epra.com or www.ftse.com.



*Real-time indices

EPRA Membership up to 179

We have seen an influx of new members since the last edition of the newsletter. Since April the following companies have joined from the UK: ALLCO Finance, HSBC, Workspace and Lehman Brothers. There has been increasing amount of interest from the United States in the past 24 months and these interested companies are beginning to make the membership commitment. K.G. Redding, Kensington, Real Foundations and SNL Financial are the latest US members. Newly listed French company Dolmea joined the association in June; with Dutch investor NIBC and German company DIC completing the new members list. Full membership list is located on page 2 of the newsletter. ◄

New York roundtable discussion

EPRA participated in a global real estate roundtable discussion organised by Lyceum Associates in New York in June following the NAREIT conference. The roundtable speakers included Martin Barber of Capital & Regional, Mark Leeds of Greenberg Traurig, Hans Volkens of Beiten Burkhardt and Fraser Hughes and Nick van Ommen of EPRA. The event was attended by approximately 20 US investors, on an invitation basis, with an interest in global real estate investment.

The discussion focused on:

- REIT legislation: UK, Japanese, and prospective German variances against the US model
- Investor/Corporate Tax Issues: IRS recognition of foreign vehicles, and local tax considerations
- Cross-border activity: non-US choices across non-US markets (Japanese, UK, and German perspectives)
- Future catalysts: what to expect in legislative activity, market events, and other areas

These real estate roundtable sessions by Lyceum are organised two or three times a year and are held in New York. They have proved an effective way in building relationships with US investors and vice versa, for US to get an understanding of the European and Asia-Pacific markets. Sydney Williams, President of Lyceum focuses on the role in US institutional investors later in this edition. ◄

Ian Hawksworth joins Capital & Counties

Liberty International announced in June that Ian Hawksworth will join Capital & Counties, a wholly owned subsidiary of Liberty International, with effect from 1 September. He will also join the Board of Liberty International as an Executive Director, succeeding John Saggers who retires. Ian was employed by Hongkong Land, one of Asia's leading property companies since 1993. He was Executive Director from 1996 to 2006 when he decided to relocate his family to the UK. Ian Hawksworth will moderate the "Outperformance by Property Companies" panel on the first day of the EPRA Annual Conference in Budapest. ◄

By: Fraser Hughes, EPRA

Interview with Antonio Trueba Bustamante

ANTONIO TRUEBA
EDUCATION
Ph.D. in Physics, University of Madrid, post-graduate studies at École Nationale Supérieure de Chimie, Paris. Scholarship of the Fulbright Foundation, March Foundation and French Government.

PROFESSIONAL CAREER
1994 – July 2006 Executive Chairman of INMOBILIARIA URBIS, S.A.

1998 – 2000 Chairman of the WORLD TRADE CENTERS ASSOCIATION.

1992 – current Board Member of the WORLD TRADE CENTERS ASSOCIATION.

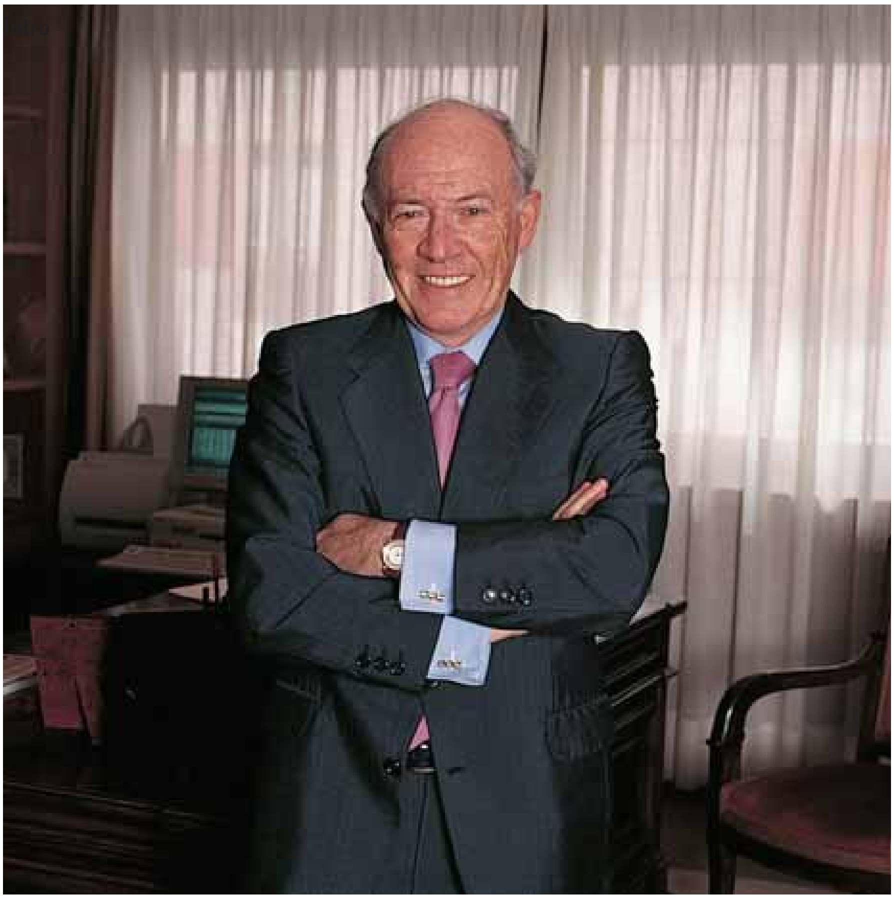
1988 – current Executive Chairman of WORLD TRADE CENTER MADRID and WORLD TRADE CENTER SEVILLA.

1979 – 1988 Director General, Real Estate and Tourism, UNION EXPLOSIVOS RIO TINTO GROUP.

1974 – 1979 Director General, Inmobiliaria GRANADABAN, S.A. subsidiary of the Bank of Granada Group.

1965 – 1974 Associate Professor (solid state physics), Madrid Autonomous University, concurrently Senior Research Fellow and Professor of Physics at the Technical College of Telecommunications Engineers and Naval Engineers.

OTHER POSITIONS
EPRA: Member of the Executive Board
CIMA: (International Center of Applied Medicine, University of Navarra) Member of the Foundation Council



Antonio Trueba Bustamante

FH: You were a physicist before embarking on a career in real estate. Seems like an odd switch, how did this occur?
AT: I studied Physics at University and got my PhD at the University of Madrid. The first period of my life I was an Associate Professor of solid state physics and I led a group of several researchers. My background was purely scientific to begin with. I believe my scientific past built an excellent foundation for my switch into the business world, as it provided me with the analytic ability to study situations in depth. In addition, this ability helps you draw together different situations to achieve a result.

FH: How did your move into real estate take place?
AT: I moved into the real estate business in 1974. A friend of mine asked me to become the general manager of a small real estate company in Granada called Inmobiliaria Granadaban S.A. In these first five years in the real estate business I picked up many of the techniques I still use today. I acquired the knowledge of the main principles of operating in the real estate sector – construction, production, management, marketing and finance. The company was focused on residential and office properties in the main cities of Spain. When I arrived at the company the market was experiencing tough times. Of course, this presented many opportunities. If your company operating structure is strong and you are well prepared, a crisis becomes an opportunity. For instance, at one point interest rates rose to 25% and we could not obtain mortgages for more than five years. We had to sell assets in terms of three to five years – it was very difficult. On the other hand, it was very easy to buy properties. It was important that we had a strong balance sheet to operate well. Over my period in charge the company quadrupled in size, in very poor underlying market conditions. In 1979 the company went on the stock market. In today's terms, the company had a market capitalization of around €400 million.

FH: After your venture in Granada, Madrid beckoned you back then?

AT: I joined Union Explosivos Rio-Tinto as Director General when I returned to Madrid in 1979. Rio-Tinto had amassed a large land bank from its main industrial business. This situation offered the company opportunities in the real estate market and these activities expanded over time. For instance, the Torre Picasso in Madrid was developed by the company in conjunction with the Japanese architect Minoru Yamasaki who worked on the World Trade Centre in New York. In fact, by the time the industrial crisis arrived in Spain, the profitably of real estate division of Rio-Tinto solved some of the financial problems of the broader Rio-Tinto group. After nine years in charge of the real estate division, the business was a very profitable operation covering resorts, hotels and offices. Following this I wanted to establish my own portfolio of businesses. One of those activities was the development of the World Trade Centres in Spain. I also became a Board Member of the World Trade Centres Association, in which later I became Chairman.

FH: So what made you switch to Urbis, when you had clearly established yourself as an independent real estate developer?

AT: In 1994 the former chairman of Banesto (currently CEO of the S.C.H Bank) called me in order to turn Urbis around and put some order and strategy in many of the bank's distressed real estate assets. This meant effectively becoming the 'Queen Mother' of my own business and placing their operation in the hands of others. The Urbis job was a quite a challenge as the company was in a very difficult position. This attracted me to the role. The first step was to clearly understand the assets we owned in order to make a clean start, both in terms of employees and property. We had to analyse each individual asset, find its hidden value and develop strategies accordingly. So from these rather unstable foundations, we set out to develop a structure that would carry the company into the future. Urbis is a different world compared against the company I was handed twelve years ago. The company is now far more diversified, much larger, is highly technical, operates within a well defined strategy and structure, has good tactics, boosts an excellent human culture, and extremely loyal staff. Urbis now has its own working culture and the balance sheet of the company is very strong.

FH: And the position of Urbis now?

AT: Urbis' philosophy is 'development with a real estate approach'. Development is more profitable than pure passive real estate investment and the real estate approach is less cyclical than pure residential builders. The company has broadened its scope in terms of countries including Miami – Florida and Portugal. We are also studying opportunities in France, Belgium, Germany and Eastern Europe. However, as a listed company we must not get carried away and there should be no surprises for investors. We must be controlled in our activities and transparent to our investors.

FH: Is Spanish residential property overvalued?

AT: I do not believe that the Spanish housing market growth has been alarming as it has occurred due to structural rather than speculative reasons. In terms of cultural, demographics, sociological factors and economic and financial factors the Spanish economy has transformed itself. However, I understand that it is not possible to continue this way. I expect, if Spain's macro-economic predictions come true, to have a 'soft landing' for the market. Fundamentals such as land restrictions in Spain usually mean that when demand for housing rises, supply cannot match demand. Conversely, when the demand for housing decreases, developers will cut supply off. Over the next few years we can expect a cut in supply to the market, while it is expected that demand will gradually decline. However, we envisage stock to be held on the books of companies in the short term. Only in the event of a difficult macro-economic scenario the landing would be harder.

FH: Who stands out as a great company in Europe?

AT: Without naming one particular company, I believe there are a number of great companies in Europe. I believe the best company models are in the UK. Perhaps also some Dutch and Swedish companies as well. Perhaps in others countries there are one or two exceptions. I believe these companies are more transparent and their knowledge for combining finance and real estate is also good. These companies have well focused business products and they know how to sell the product.

FH: What initiatives do you believe EPRA should take to further develop the sector in Europe?

AT: EPRA is already a consolidated and influential organisation that has succeeded in becoming the leading institution of reference within the Industry. I think that the developments of EPRA, since its establishment, have surprised many in a positive way. Even so, I think that EPRA could take further initiatives to accelerate and to widen the implementation of tax efficient regimes, such as REITS, throughout Europe. We are aware that EPRA is already committed to this target, but this is a hard and time-consuming job which will require further efforts. Besides, I believe that an international organisation such as EPRA should play a more active role in harmonising the different European REITs, bringing us closer to a truly unified European capital market for real estate companies, in which tax efficiency will not be an issue. In connection with this, I also think that EPRA could help to harmonise the different national criteria regarding independent assets appraisals. Finally, I think that EPRA should pursue mechanisms that will improve its Index, so that it will continue to fulfill the investors' preferences while, at the same time, include all "relevant real estate activities", not just rents, but also the creation of capital gains through the development of all kinds of real estate assets.

FH: What has been your experience of the EPRA Executive Board?

AT: My experience so far on the EPRA Executive Board has been short but intense. One of my contributions has been to help retain Nick van Ommen in his post.

FH: What are your interests outside of work?

AT: My main interests outside work are my family; I enjoy sailing, skiing and playing the drums. I am also fond of classical music, especially opera. I am a patron of the Codespa foundation which is dedicated to development cooperation, creating projects to support impoverished people and communities in developing countries, helping them to confront their difficulties and gain access to a better life, often by means of micro-credits. I am also a founder patron of CIMA (Centre for Applied Medical Research) which was established with the support of the University Hospital of the University of Navarra. Its aim is to promote research in the fields of health and biomedicine. ◂

By: Lachlan Gyde

The Asian Public Real Estate Association (APREA)

Lachlan Gyde
Executive Officer

Lachlan has over 17 years of involvement in the property industry encompassing all sectors. He has extensive experience with REITs both in Australia and Asia. For the last 4 years he worked with CapitaLand in Singapore. Firstly, as Asset Manager, on the listing of Singapore's first REIT, CapitaMall Trust, and then as Development Manager of the S$100m redevelopment of the Clarke Quay entertainment precinct along the Singapore River.

Lachlan joined APREA in June 2005 as its executive officer with a mandate to advance the Association in its representation of the Listed Real Estate Sector in the Asia Pacific Region.

The Asian Public Real Estate Association (APREA) has been very busy following the successful Shanghai Property Leaders Forum held in March 2006 and is consolidating its position as the preeminent property Association in the region.

APREA was established in mid-2005 as a not-for-profit industry body to represent and raise awareness of the sector. The Association is member driven and aims to create a market based on international best-practices that will facilitate local, regional and international investment in the sector. APREA also lobbies governments and regulators to ensure our members' interests are adequately represented and a stable financial and regulatory environment exists for open trading and investment.

APREA's objectives in the Asia Pacific are:
- To promote the expansion of the publicly listed real estate sector;
- To unite the public real estate sector in the region;
- To educate and improve information to investors;
- To promote common and workable standards of best practice;
- To create a focused and effective forum;
- To drive more investment funds into the region.

APREA is governed by an elected Executive and Management Board, drawn from its member base. The newly elected President, Alfred Liu from Mitsubishi Corp – UBS Japan, took office in March 2006. At APREA's inaugural Property Leaders Forum in Shanghai March 2006, our members set the following as some of APREA's goals for 2006:

- Grow membership to truly represent the listed real estate sector in Asia;
- Improve communication with members and other parties via a quarterly newsletter;
- Develop a networking platform for members to explore opportunities in the region, and to improve investor access;
- Improve disclosure and transparency and publish a 'Best Practices' report;
- Assemble credible information resources and lobby for regulatory, tax and legal improvements;
- Maintain the high quality of membership and its involvement in driving APREA forward;
- Establish an industry education platform.

APREA is structured somewhat like EPRA where the APREA Working Committees are the driving force of the Association so it is appropriate to start the update with details of the Committee's progress to date:

1) Regulatory and Liaison Committee: Chris Reilly of Henderson Global Investors is chairing this committee. The committee has started dialogue with the Monetary Authority of Singapore (MAS) and the Securities and Futures Commission of Hong Kong with the view to becoming their reference point for issues affecting the listed property sector. A taskforce has presented a paper to the MAS on member concerns surrounding secondary capital raisings. Further initiatives include an invitation by the Securities and Exchange Commission of Pakistan to review and comment on its REIT's 'white paper' and contact with Middle East exchanges has also been initiated.

2) Membership Committee: Growing the membership and maintaining its current high quality is crucial to the growth of APREA. Michael Dwyer of ALLCO Singapore has volunteered to chair this committee. Member numbers are now approaching the 50 mark and the Committee will now focus on region member diversity to ensure all countries in the region have representation within APREA. Interest in membership remains strong and the goal of reaching 100 members by December 2006 is feasible.

3) PR & Events Committee: Philip Levinson of LaSalle Investment Management has taken the leadership role for this committee. Planning has started for the 2007 APREA Leaders Forum – comparisons of different venues around the region is well underway. A review of APREA's PR arrangements is being conducted and a schedule of events around the region is being finalised. One area in particular where APREA can add a great deal of value is in countries that either do not have or are just developing REIT legislation – with this in mind Philip has met with Ayala Land and the groundwork for a one day education event in Manila in September/October has been set. If this is successful then the same event will be repeated in other countries.

4) Information Committee: Wit Solberg of Fitch Ratings has accepted the chair for this committee and will focus on two core issues. The first focuses on APREA taking more ownership of its website and including more APREA content. This is very exciting as the website will be an extremely useful tool for communication and storage of information. The second initiative will be the publication of the APREA Quarterly newsletter. The first edition will be 'on the news stands' by the end of June and a subsequent edition will be out every three months thereafter. The publication will feature articles from the APREA President, EPRA (Europe focused), NAREIT (US focused), a legal review, updates on all APREA Working Committees, property market reports, articles of interest from members and general updates.

5) Best Practices Committee: Ernst & Young will be taking a lead role in chairing this committee. The direction for this committee was clearly set at the Shanghai Forum by the members in attendance. The key initiative being the publication of a Best Practices Manual dealing with valuation, reporting, accounting and disclosure.

Other key points of focus for APREA are:

a) Education: The Executive Committee has been exploring the possibility of delivering an education platform to the region. The courses focus on professional development of property professionals and range from understanding property fundamentals to highly detailed financial and asset management courses. Rolling out educational courses fits with APREA's charter of improving property sector skills. Additionally it represents a potential new source of income. A proposal will be put to the APREA Management Board for a consideration at the forthcoming Board Meeting.

b) Board Meeting: The first meeting of the APREA Management Board was held on Thursday 8 June. It was the first meeting of the Board and marks another milestone in the evolution of APREA.

c) CEO Appointment: The search is on for a person to fill the role of APREA CEO and take it to the next level. The Association is aiming to fill this position by the end of 2006 with a high profile and well-connected individual who is familiar with the property and capital markets in the region.

APREA is surging forward and starting to have impact on the direction of the listed property sector in the Asia Pacific region. The assistance and support from likeminded Associations such as EPRA and NAREIT is much appreciated and we look forward to continued cooperation in the future to create a truly global market listed property sector. ◂

APREA Members

APREA has created a global network of members from Asia, the Pacific, Europe and the U.S. covering all aspects of the listed property sector.

Founding Members

- Westfield Group
- Hongkong Land
- Ascendas REIT
- Mitsubishi Corp-UBS Realty
- SM Prime
- Ayala Land Inc.
- ARA Asset Managers
- Henderson Global Investors
- UBS Investment Bank
- Morgan Stanley
- Macquarie Group

Inaugural Members

- ABN AMRO
- AIG Global Real Estate (Asia)
- Allco Funds Management
- AMP Capital Investors
- Australian Stock Exchange
- Bae Kim & Lee
- CB Richard Ellis
- Challenger Financial Services
- Colliers International
- Consulta Juris
- Dan Xuan Real Estate Vietnam
- Deutsche Asset Management
- Dividend Capital
- Ernst & Young
- Fiduciary Trust Global Real Estate
- Fitch Ratings
- Fukuoka Realty Co. Ltd
- Goldman Sachs Asia
- HSBC Institutional Fund Services
- KPMG
- LaSalle Investment Management
- MacarthurCook Ltd
- Mapletree Investments Pte Ltd
- Mercury Partners LLC
- Moody's Investor Services
- Peter Mitchell
- Presima
- Property Investment Research
- Polaris Securities Investment Trust Company
- Savills
- Standard and Poor's
- Swiss Reinsurance
- Taubman Property Asia
- The GPT Group
- Trust Group
- Valad Property Group

APREA - Asian Public Real Estate Association

The Asian Public Real Estate Association (APREA) was established in 2005 to promote the public real estate sector in the Asia Pacific region and to facilitate high-quality property development and investment.

The Association's main roles are to establish best-practice and to provide a forum for discussion on key issues affecting the sector in Asia Pacific. APREA is committed to promoting common standards in accounting, reporting and corporate governance across the region to enhance investor confidence and the growth of the property industry. APREA also works to promote the Asia Pacific property market on the world stage through its alliances with the leading international industry organisations in Europe and North America.

APREA, the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (NAREIT) have agreed to share market data, contacts and resources, creating a truly global public real estate community. The extensive co-operation between the three leading global industry bodies will unite professionals engaged in real estate to improve knowledge sharing, collaboration and business development.

By: Bert Albers, Arjan Zwiers and Roderik Wuite

Deloitte.

Best Annual Report Award 2004 & 2005

As from 2005 EPRA members are required to report in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The objective of the IASB is "to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the various capital markets of the world and other users of the information to make economic decisions[1]".

The fact that IFRS is a generic set of accounting standards which does not distinguish between various industries, caused the EPRA committee to develop and issue "Best Practice Recommendations" which provide specific guidance for real estate companies within the IFRS framework. Furthermore this will enhance uniformity in the performance reporting and presentation of information by real estate companies and provides guidance on additional disclosure requirements, which are relevant to the industry. Annually EPRA and Deloitte perform a survey to assess the extent to which the EPRA members apply the Best Practice Recommendations in their annual reports. This survey is sponsored by PGGM and based on the results of the survey, each year a winner is awarded with the Best Annual Report Award ("BAR Award")

BAR 2004

The Best Practice Recommendations issued by the EPRA are the basis for the survey. To enable a consistent, fair and efficient review of the annual reports of the EPRA members, the Best Practice Recommendations have been translated into a tailor made questionnaire.

The 77 participants of the BAR Award can be spilt-up by country as indicated in the graph below.

In the past three years the winners of the BAR award were:

British Land Company Plc	-	2002
Land Securities Plc	-	2003
Land Securities Plc	-	2004

A remarkable point is that the winners in the last three years were all real estate companies from the United Kingdom. This indicates that the ranking of the constituents is affected by geographical background. The average score as compared to the total average score of all companies showed that participants from the UK, Switzerland and the Netherlands scored above average. Historically, participants from the UK had a leading role in the field of financial reporting in comparison to non UK participants.

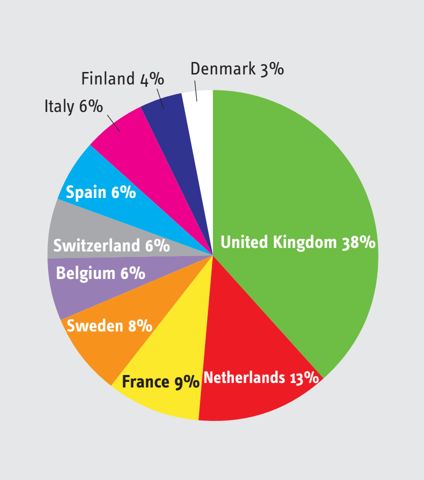
The high scores of the UK companies might be the result of the fact that these companies have to comply with more extensive local rules and regulations. Compared to other participants, especially UK real estate companies showed high scores on the disclosures on corporate governance. This is explained by the fact that local rules in the UK have extensive disclosure requirements on this subject.

With respect to the valuation of investment property the results of the BAR Award indicated that 78% (2003: 66%) of the companies valued their investment property on fair value. Furthermore the results of the BAR Award 2004 made clear that there is a correlation between the relative size of the asset portfolio of the participant and the average score. The participants with higher asset values showed above average scores.

Winner Best Annual Report Award 2004

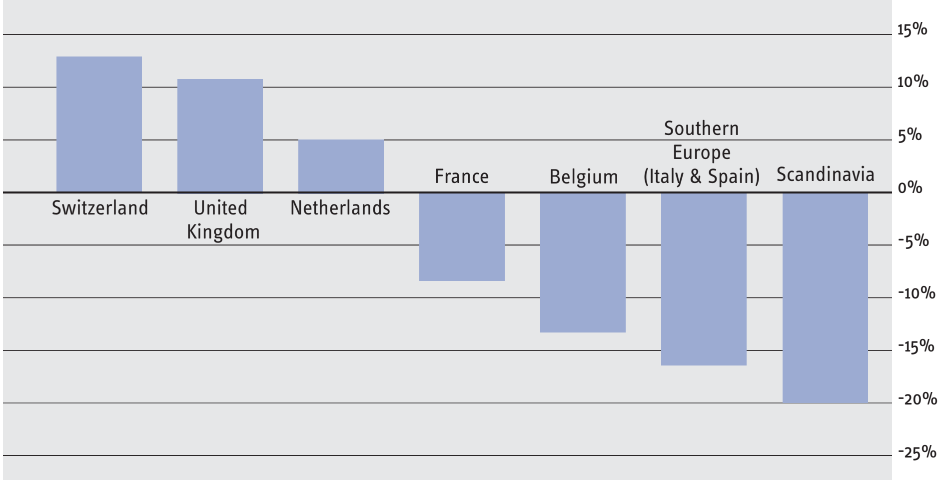
The winner of the BAR award 2004 was Land Securities, for the second consecutive year. Land Securities was the runner up in 2002 and in the years thereafter it provided on a consistent basis financial information of excellent quality. Strong points of the Land Securities annual report were a very detailed overview of the portfolio, including like-for-like information for key figures in the annual report. In the management narrative the achievements of the company were clearly measured against its objectives. In addition to the management narrative in which for each business segment the company's market is given and the main activities of Land Securities are described, the annual report of Land Securities provided the user with detailed

Constituents



Source: Deloitte

Average Scoring



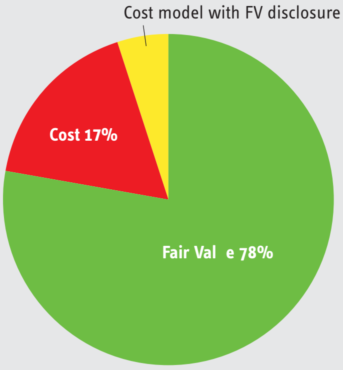
Source: Deloitte

information on corporate governance, corporate responsibility, risk management and a remuneration report.

BPR 2005

In January 2006 EPRA published a revised set of Best Practice Recommendations. Consistent with the prior version of the Best Practice Recommendations the 2006 version follows the general structure of the annual report. In the 2006 version the draft recommendations are replaced by two new chapters addressing performance reporting, Net Asset Value (NAV) and Earnings per Share (EPS).

Accounting and Valuation Principles



Source: Deloitte

BAR 2005

Due to the implementation of IFRS as of 2005 it is expected that the average scores in the BAR Award 2005 will increase. Although the Best Practice Recommendations issued in prior years were already based on IFRS, the financial statements of the participant were primarily prepared in accordance with local GAAP requirements and the disclosure requirements thereof. In general IFRS will require additional disclosures compared to local GAAP requirements. For example IFRS requires specific disclosures on segmental reporting, joint ventures, risk management policies and financial instruments. This additional disclosure information was in prior years already included in the EPRA recommendations, however as of 2005 this information is required in order to comply with IFRS. Therefore it is expected that as a result of the adoption of IFRS the annual reports will comply to a greater extent with EPRA Best Practice Recommendations as compared to prior years.

Based on the revised recommendations and the results of the BAR Award in the last three years the methodology for the 2005 BAR Award will change compared to the 2004 approach. The recommendations issued in January 2006 will be the basis for the 2005 survey. Based on the Best Practice Recommendations, EPRA and Deloitte will develop a tailor-made questionnaire and corresponding scoring model in order to rate the annual reports. This approach assures a high level of consistency and fairness across the participating annual reports in the Award.

The objective of the BAR Award 2005 will change with respect to the following.
In 2004 the winner was determined based on the absolute highest number of points. The total number of points was based on the questionnaire and came from of the scoring model. For 2005 the objective of the Award will move from the absolute highest number of points to the participant that has made the relatively highest consistent improvement in the quality of annual reporting as determined by the number of points received from the scoring model. The scores of the participants over the last three years will be taken into consideration. The annual report showing significant consistent improvements in providing quantitative and qualitative information over these years will compete for the BAR Award 2005.

With this new approach the EPRA committee intends to encourage participants not only to align their annual reports with the EPRA Best Practice Recommendations but to improve the quality of their reporting on a continuing basis. ◂

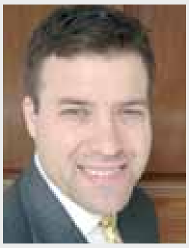
[1] International Financial Reporting Standards 2005, issued by the IASB

About Deloitte

Deloitte Touche Tohmatsu is an organisation of member firms around the world devoted to excellence in providing professional services and advice, focused on client service through a global strategy executed locally in nearly 150 countries. With access to the deep intellectual capital of 120,000 people worldwide, Deloitte delivers services in four professional areas – audit, tax, consulting and financial advisory services – and serves more than one-half of the world's largest companies, as well as large national enterprises, public institutions, locally important clients, and successful, fast-growing global companies.

By: Sydney Williams
Lyceum Associates, Inc.

Hunting for Market Change: US International Investors



Sydney Williams
President

Mr. Williams has over ten years of experience in institutional equity sales in both New York and London for Deutsche Bank. Previously, Mr. Williams worked in Berlin for the Treuhandanstalt, the agency mandated by the German government to privatize East Germany. He received his AB from Dartmouth College and MBA (Finance) from Columbia University. Mr. Williams is president of Lyceum Associates, Inc.

US investors[1] represent a major presence in overseas markets, and Europe in particular. Taking into account the full complement of US domiciled money managers (mutual funds, pension funds, hedge funds, insurance companies and so on), we would estimate that total US exposure to listed European equities alone amounts to more than $1 trillion, and significantly higher if leverage is considered.

With US investment capital representing half of all pension funds and mutual funds globally (more than $16 trillion in total, half of which is invested in equities, and without considering the many other types of money managers), even slight variances in allocation can have an enormous impact on a particular asset class, depending on its liquidity.

But despite the obvious heft of the US investment potential, it remains a mysterious beast to corporate issuers overseas. How does it allocate its assets? What particular investments and regions is it interested in? How long-term is its interest?

Of course, there are no easy answers to these questions. US investors represent a wide range of investment goals and strategies. Instead of focusing on specific industries or sectors, many of them hunt across asset classes and geographic regions in search of optimal payoffs. Depending on the situation, they can commit for several years or even decades, or for just a few months or less. And although many investors manage this according to global or Europe-only benchmarks, a sizeable portion – perhaps a third – employ much more opportunistic strategies that seek out inflection points in **capital productivity**, which we contend represents the key catalyst for market change.

At Lyceum we define capital productivity as the effectiveness by which market participants utilize the financial system for the deployment of capital. This links strongly to cost of money, which we measure simply as the real level of interest rates. We measure production as the growth rate of real gross domestic product. Dividing the two, then, gives us an estimate for capital productivity – and an uncomplicated ratio from which to compare countries.

Though basic (it completely ignores transaction costs, for example), this metric does capture the whole economy. As you might expect, the balance between GDP and interest rates (return versus risk) should consistently track near 1.0. Since 1992, the US has, in fact, exceeded this, while Germany and the larger countries in the Europe, as well as Japan among the G7, have substantially undershot it.

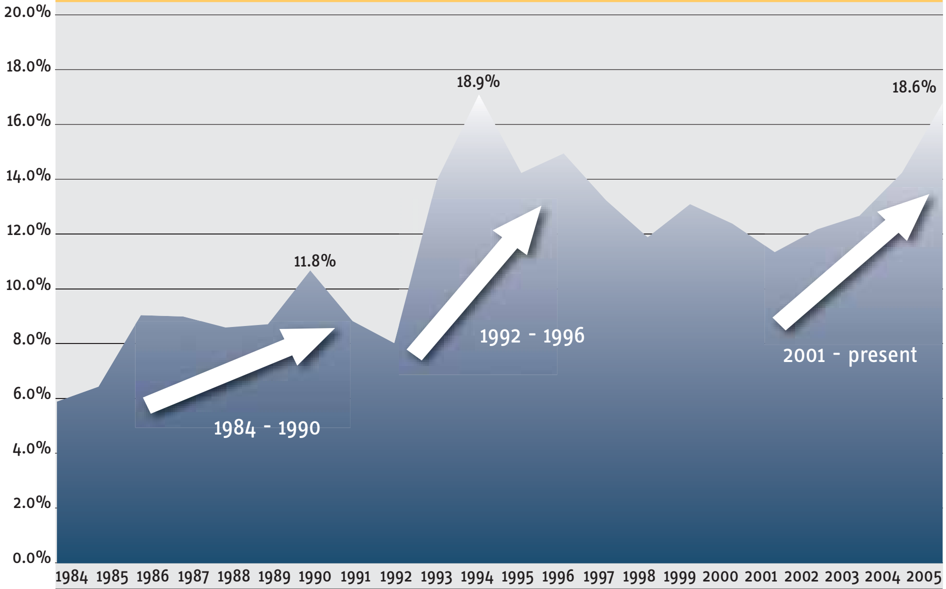
Astute investors will anticipate inflections in capital productivity, by moving among countries, and on a micro-level, among industries and companies, to which we might add much more rigorous metrics pertain.

Chasing post-communist Europe and, later, the emergence of China and India, US international investors have aggressively sought out overseas opportunities in two distinct waves since the year 1990: between 1992 and 1996, and from 2001 through to today. In each case, relative risk-return opportunities between the US and overseas markets fueled these capital flows, which the chart below illustrates in terms of US equity mutual funds. Prior to 1990, international investing (growing from a low basis) targeted expanding capital productivity in Japan and the UK.

Editor's Note: As an alternative to traditional Wall Street service, Lyceum focuses on the application of industry and corporate business model transitions to actionable investment ideas, through small workshops and roundtables, and through our newsletter Perspectives. Our format gives participants uncommon access to strategic debate among key stakeholders. Lyceum Associates, Inc. is a registered investment adviser.

Sydney Williams is president of Lyceum Associates, Inc.

US World Equity Mutual Fund – Percentage of Total



Own calculations Source: Investment Company

Notably, world equity funds more than doubled as a percentage of total equity funds in just the two years between 1992 and 1994, from 8.9 percent to 18.9 percent. The most recent period has nearly matched this high-water mark, rising from 12.5 percent to 18.6 percent. We acknowledge that these statistics reflect performance in addition to net new cash inflow, and omit non-domestic allocation in domestic classifications, which can be substantial and quite volatile too, but they do serve to illuminate broad trends.

Over the past fifteen years, alternative and more nimble investment funds have emerged, which typically employed leverage in pursuing emerging risk-return opportunities: hedge funds, investment banks via proprietary enterprises, private equity firms. These, together with generational and socioeconomic changes (such as China's accession to the World Trade Organization and monetary union) and free trade legislation opened the door to free-flowing capital, and (for these types of investors specifically) global arbitrage opportunities.

With our work showing the US economy in an extraordinary period of flexibility, it's no surprise that many would-be international investors have opted to stay home and commit to US primacy in capital productivity – the highest sustained risk-adjusted return on capital on the planet. Still, whether because of diversification or the potential for change, US international investors will always hunt for and commit to offshore opportunities, though in varying degrees depending on relative market conditions. And because these decisions are binary (a simple yes or no), investors will usually move in extreme directions as long as they protect their investment.

While Germany has recently begun to recapture US investment flows on an improving economic outlook, policy makers could ensure that this not only sustains, but also nurtures domestic investment, by continuously pursuing free market legislation. Failure, we fear, could distort global risk pricing, with US investors and others channeling an unhealthy glut of cheap capital to developing countries and to the US itself.

With this in mind, we believe that US investors will see elevated liquidity in Germany's property markets as a major, sustaining catalyst, not just for specific property opportunities, but for balance sheet restructuring on a national scale. The government should therefore understand the enormous opportunity of the prospective REIT legislation as a transformational agent in attracting substantial overseas capital to its financial markets.

In contrast, the relative impact in the UK is likely to prove more modest, given that the country's current capital productivity is already comparatively high, and that additional REIT-driven liquidity is likely to contribute less extensively beyond the listed property sector. We suspect, however, that the country's familiarity to US investors, and its lower perceived market risk, will ensure that REIT introduction proves popular among the less aggressively opportunistic of US funds. ◂

[1] For the purpose of this article, we define investors as institutions, not individuals, and distinguish these from traders who operate in compressed periods of minutes, days, or sometimes weeks. International we define as opportunistic cross-border selection, which is incremental to index-based selection. This would include not just most hedge funds, but also traditional, domestic mutual funds with provisions to invest five, ten, or 20 percent in non-US securities, as well as the plethora of other money mangers with flexible strategies.

By Robert Windborne,
Chairman of ESPRO and The Windborne International Group

Driving the Move towards a Sustainable European Property Sector

Robert Windborne
Chairman of ESPRO

Robert Windborne was born and brought up in Cheshire, England. He represented his county Cheshire in athletics. He is a Fellow of the Royal Institution of Chartered Surveyors and holds a Master of Science from Loughbrough.

Robert established Windborne International 1974 which is concerned with international property and industrial development. His company has initiated the development of property projects within Europe to a value of around € 3 billion and has been responsible for industrial development projects in over 25 countries including Europe, USA, Middle East and Latin America.

He was voted Businessman of the Year by the British-Swedish Chamber of Commerce for contribution to trade between UK and Sweden. Robert is Chairman of ESPRO: The European Forum for Sustainable Property Development.

Interests: Mountaineering, sports (particularly athletics and football), a good film and stimulating company.

Family: His Swedish wife Christina, daughter Anna, grandchildren Julia and Evelyn and Timmy the dog.

Current focus: To further develop the Company's activities in the field of sustainable property development including renewable energy systems.

Achieving a Sustainable Society – Mankind's Greatest Challenge

The achievement of a Sustainable Society is Mankind's greatest challenge. If we fail, then quite simply life on this Planet will, within an alarmingly short period of time, cease to be possible. Scientific evidence would indicate that the timescale leading to a critical and irreversible breakdown of our Planet's biosphere to be no more than a few decades.

Additionally, resources vital for our industrial society – such as fossil fuels - are rapidly dwindling and represent an incalculable threat to the way of life which we have grown so accustomed.

These are not the views of a Doomsday Prophet but the balanced views of an increasingly large body of eminent scientists.

The question is, what has this got to do with the Property Owner and, if he has a role, what is it? Perhaps, of more direct concern for businesses, what are the commercial implications for property companies?

To answer this, we need first to take a look at the global situation and, thereafter, consider a number of fundamental facts.

A Global Sustainable Society cannot be achieved without first achieving a sustainable property and construction sector. The Sector accounts for the consumption of almost half of all resources, energy and polluting emissions. These figure increase up to around 70% if we include the transport sector which is partially influenced by the degree to which we deploy communal (buses and trains) as opposed to individual (cars, motor bikes) transport modes.

Of course, the sustainability problem is further exacerbated by the rapid industrialisation of such highly populated countries as China, India and Brazil which has rapidly evolved into an Economist's Dream and an Environmentalist's nightmare.

Another troublesome feature is that many vital resources, particularly fossil fuels and uranium, are in the hands of less than stable countries such as Russia and The Middle East. A large portion of Europe's gas and oil supplies will emanate from Russia in the near future. A large volume of Germany's gas already comes from Russia; a remarkable change of events from the situation of only a few years ago!

This dependability on insecure supplies is already a great cause for concern amongst European and other World powers. The highly sensitive nature of the fuel issue is highlighted by the increasing competition for these scarce resources amongst our fellow Europeans which has already led to the hitherto unthinkable situation where Fuel Transiting Agreements have been broken to ensure that domestic supplies are secured. In other words, a World shortage of these vital resources is leading to inflammatory political relationships. Obviously, a situation we would prefer to avoid.

The result of all this will, within the immediate years, not just vastly increase prices for fuel and other resources, but in addition, affect supply lines.

Developing a Sustainable Society – The Property Owner's Role

The Property Owner's proactive role in the drive towards a Sustainable Society is vital. Not just for Society and the Environment but also for the Property Owner's own survival.

As the Client in the property sector, the Property Owner and Developer is in a position to significantly influence the actions of most of the other participants. These include consultants, contractors, suppliers and logistical systems. Together with Planning Authorities, the Property Owner is in a unique position to influence the degree to which sustainability-enhancing measures are introduced and the rate at which these measures are deployed.

However, the passive Property Owner will unquestionably suffer if he fails to adapt to this new World Order. Increasingly onerous legislation (including the public classification of buildings), related increasing tenant demand for sustainable properties (to harmonise with tenant organisations own Sustainability Charter) and the down - classification of sustainable-poor properties by investment and ethical funds (such as The Dow Jones Sustainability Index) will materially affect the profitability and value of property companies. The adoption by Property Owner's of a sound Sustainability Strategy is unequivocally justified merely on the basis of corporate economics let alone the nobler issue of saving the Planet. Large capital values are at stake!

ESPRO – The European Forum for Sustainable Property Development

ESPRO is an interactive, Forum where Europe's leading property Stakeholders, both public and private, meet and act upon issues related to the creation of a sustainable property sector in Europe. These Stakeholders include legislators, property investors, corporate investors, tenant organisations, planning authorities, consultants and contractors. ESPRO's motives are commercial, environmental and social.

ESPRO's Mission is based on the premise that Planet Earth cannot sustain life without the attainment of a Sustainable Society. Due to the dominant role which the property sector plays in the consumption of natural resources and the generation of waste and pollution, a Sustainable Society cannot be achieved without the creation of a Sustainable Property Sector.

ESPRO is the leading primary public – private sector Forum in Europe focussing on the sustainability issue and operates as a Driver of Change in the move towards the development of a sustainable European property sector.

ESPRO is focussing its efforts upon several areas of sustainable development ranging from the macro level (city planning, urban transport systems, regional energy systems) to the micro level (building design and construction, local energy systems). Activities include the establishment of sustainable policies and strategies, the arrangement of interactive events and the initiation and development of Pilot Projects.

The ESPRO Stockholm Conference was held on April 4 2006 and brought together over 100 Delegates representing the management of major European property Stakeholder organisations. Speakers were drawn from the management of leading European organisations including The European Commission, British Land plc, The European and British Property Federations, The Dow Jones Sustainability Index, The City of Stockholm, The Royal Institution of Chartered Surveyors, EPRA, FIEC, The Swedish Property Federation, The Swedish Board of Housing, Building and Planning, Skanska, and Electrolux.

"The Hammarby Sea City is a new city neighbourhood, located in central Stockholm, which comprises housing, workplaces, services and leisure facilities for 10,000 persons and has been designed and built after stringent sustainability principles. These include low energy consumption, the extensive use of sustainable materials, access to an abundant public transport systems, and an overall consciousness for environmental friendliness and healthy accommodation. NCC were awarded The Stockholm City Environmental Prize for its contribution to this Project".

The Hosts for the Conference were The Swedish Energy Agency, The Swedish Ministry of Sustainability, Skanska and The RICS. ◂

For more information go to:
→ www.espro.nu
→ www.windborne-group.com .

Windborne International

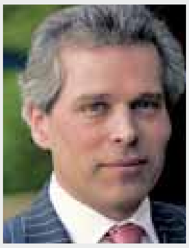
Windborne International is concerned with the international development of industry and property based projects. Development is by its very nature about the future and of the factors moulding the future, convergence will certainly be a major contributor. Here we are talking not just about the convergence of technologies and disciplines but convergence throughout the whole spectrum of society and human endeavour.

We can already see clear trends towards the convergence of nations as a result of regional unions, of markets through industrial globalisation, of cultures through increased mobility and global media networks, of values due to a common concern for our planet, of perspectives due to an increasing appreciation of our insignificance within an infinite universe. We are also witnessing an increasing convergence of social-economic and environmental interests and towards the promotion of a sustainable society. Yet this is just the beginning as the phenomena and consequences of convergence begin to creep into every facet of our lives. Increasing convergence will generate an intensified rate of change in the way we live bringing with it both opportunities and threats for individuals, corporations and nations.

The anticipation and management of change, and the creation of ensuing opportunities within the fields of international industrial and property development, has been a central theme in Windborne International's activities for over 30 years. We embrace the opportunities afforded by change and are firmly committed towards increasing our knowledge and understanding of its implications. We are equally committed towards the achievement of those social, business and environmental benefits which are borne of this change and towards sharing these benefits with our Partners and Clients.

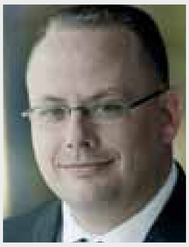
By: Hans Gronloh and Machiel Hoek

Best Practices Committee full steam ahead



Hans Gronloh
Partner

- Business from the University of Amsterdam
- Accountancy from the University of Amsterdam.
- Master of Real Estate from the University of Amsterdam
- Represents the Dutch practice in the International Committee of the Global Real Estate and Construction network
- Partner responsible for knowledge management within the Global Real Estate and Construction network.
- IFRS Concurring review partner
- Fellow at the Real Estate Centre of the University of Nyenrode
- Teacher at the Master of Real Estate programme at the University of Amsterdam
- Chairman EPRA Best Practice Committee
- Regular contributor in real estate publications



Machiel Hoek
Senior Audit Manager

Machiel Hoek is a senior audit manager at the real estate practice of KPMG Audit, Amsterdam. He acts both as auditor as well as advisor and has broad experience in IFRS and corporate governance projects at real estate companies. Besides his audit experience, Machiel has been engaged in a number of due diligence and corporate finance projects for real estate transactions. He is a regular speaker at international real estate conferences.
Within the European Public Real Estate Association (EPRA), Machiel fulfilled a leading role in drafting and finalising the previous and current Best Practices Recommendations.

Machiel's educational background is a Master of Arts in Economics degree, and he is a Certified Public Accountant.

In the past two years, the Best Practices Committee (BPC) has focused upon improving the Best Practices Recommendations (BPR). After the second major improvement session, the new set of BPR released in January 2006 provides comprehensive guidelines for best-of-breed financial reporting for the European listed real estate sector. The recommendations fully comply with IFRS, eliminating choice options left open by IFRS and providing further guidance where IFRS leaves a void, mainly on the fields of performance reporting and additional disclosures and portfolio information.

The January 2006 BPR update includes newly developed measures for Net Asset Value (NAV) and Earnings per Share (EPS). The list of accounting definitions has been updated and the portfolio information has been streamlined to fit the industry needs more closely. The new measures for NAV and EPS have been developed with extensive support of CFO's from the majority of the leading property companies in Europe. These CFO's understand the importance of clear and comparable performance measures under IFRS. This is the perfect example of how the EPRA BPC should fulfill its role.

To draft the new BPR, we organised the "Noordwijk Summit" in the last quarter of 2005, a two day event where we had the BPC members and a number of industry specialists discussing the new BPR. Working with the key players from the European industry and representatives of NAREIT is a fantastic experience that really provides an indication of the importance of the work we do. Having produced the January 2006 update, the Committee has not switched to a passive mode, but continues to plough full steam ahead focusing on the new challenges.

The first area of attention is examining the way in which IFRS and the BPR have now been implemented by the European listed real estate companies. In the last couple of months the companies have issued their first set of IFRS financial statements. Now we can really see which choices have been made; how the BPR have been implemented under IFRS and whether comparability and transparency have increased. It is clear that important differences still exist in financial statements. For instance, originating from different backgrounds, an important difference exists between reports of Northern European and Anglo-Saxon companies on one hand, and Southern European companies on the other hand. Still a significant part of Southern European companies report their investment property under the cost price method, in comparison to the Northern European and Anglo-Saxon companies who were already familiar with the application of the fair value model to their portfolios.

The BPC, which aims for comparability throughout the total universe of European real estate companies, will examine the differences in 2005 reporting and strive to understand the rationale for these differences, as well as the expected timeframe for these differences to disappear. Any significant issues becoming apparent with the practical application of IFRS will be examined and documented. If any issue appears to be significant for the industry, the Committee will try to liaise with the International Accounting Standards Board (IASB) to bring the issues to their attention, and ultimately to try to find a solution. The solution can be either an amendment to IFRS, the issuance of a new interpretation, or an addition, or amendment to the Best Practices Recommendations. The Committee aims to report its intermediate findings at the EPRA Annual Conference in September 2006.

The second area of attention is the convergence project between IFRS and US GAAP. With the IASB and the FASB (the US-equivalent of the IASB) having reached an agreement on convergence, now comes the time to examine the impact of convergence for the real estate industry. For real estate companies, the differences could be significant, thus justifying an active role for EPRA's Best Practices Committee. That role has also been taken up energetically by the NAREIT, the US-equivalent of EPRA. NAREIT and EPRA now are in the process of determining common views on the convergence areas identified by both the IASB and FASB. The IASB and FASB have identified a number of areas where possibilities for convergence will be investigated and convergences should be reached by 2008.

Important areas for the industry are fair value accounting, joint venture accounting, acquisition accounting and performance reporting. The cooperation with NAREIT is crucial given the importance to formulate common views for the global real estate industry. Currently US-REIT's are not allowed to use the fair value model for investment properties. It is expected that under the convergence process this will change. EPRA is instrumental to that change and the acceptance of the change by the US real estate industry in explaining what the impact of the fair value model is. It is clear that we have a lot of experience to share, which will help the US industry ahead towards their implementation of fair value accounting. This is a direct benefit for the European industry as the convergence project should strengthen the move towards fair value accounting. This project has also created the possibility to re-invent performance reporting, starting from scratch. We believe that EPRA and NAREIT now have the unique option to pro-actively address the IASB and the FASB on this matter, and thus to increase the quality of the new converged standard to be created.

These forthcoming challenges to the Best Practices Committee require substantial man hours of accounting and property company experts in the coming year(s). In the past, the Committee has been well supported by the CFO's and controllers of the European real estate sector and other leading industry experts. We hope to be able to continue that co-operation, in order to create a set of financial reporting standards that are relevant to the industry and do justice to the special character of the industry. ◂

A. Earnings per share (EPS)	
Diluted EPS per IFRS income statement	**X**
(i) Revaluation movement on investment properties, development properties held for investment and other investment interests	X/(X)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other non current investment interests	X/(X)
(iii) Tax on profits or losses on disposals	X/(X)
(iv) Negative goodwill / goodwill impairment	(X)/X
(v) Movement in fair value of financial instruments	X/(X)
(vi) Deferred tax	X/(X)
(vii) Minority interests in respect of the above	X/(X)
Diluted EPRA EPS	**X**

B. Net asset value per share (NAV)	
NAV per share per the financial statements	**X**
Effect of exercise of options, convertibles and other equity interests	(X)
Diluted NAV, after the exercise of options, convertibles and other equity interests	**X**
(i) Revaluation of investment properties, development properties held for investment and other non current investments	X
(ii) Fair value of tenant leases held as finance leases	X
(iii) Fair value of trading properties	X
(iv) Fair value of financial instruments	X/(X)
(v) Deferred tax	X
Diluted EPRA NAV	**X**

C. Triple net asset value (NAV)	
Diluted EPRA NAV	**X**
(i) Fair value of financial instruments	X/(X)
(ii) Fair value of debt	X/(X)
(iii) Deferred tax	(X)
Diluted EPRA NNNAV	**X**

KPMG

KPMG Netherlands offers services in the fields of audit, tax and advisory. We offer our services to a broad group of clients: major domestic and international companies, medium-sized enterprises, non-profit organisations and government institutions. The complicated problems faced by our clients require a multidisciplinary approach. Our professionals stand out in their own specialist fields while, at the same time, working together to offer added value that enables our clients to excel in their own environment. In doing so, we draw from a rich source of knowledge and experience, gained world-wide in the widest range of different organisations and markets. We provide real answers so that our clients can make better decisions.

By: Philippe Le Trung

Retail real estate companies ready to face new challenges

Philippe Le Trung
Director at Citigroup Investment Research

Philippe Le Trung is a Director at Citigroup Investment Research, covering the Pan-European real estate sector. He has extensive experience in the real estate sector in Europe, previously with JP Morgan. Before that, he covered European real estate at ABN Amro. He was also involved in the conversion of French real estate companies to tax-free "SIIC" status. Philippe holds a degree in business and finance from Paris V and a master's in French property law (Montpellier).

"What went up will go down and what went down will go up!" This famous financial markets phase could be applied to any asset class: equities, bonds, commodities and even retail real estate. The most recent share price movements are, to a certain extent, a painful reminder. So what is the outlook for retail real estate companies which have been amongst the top performers in the real estate sector over the past few years? Should investors increase, or reduce their exposure to retail real estate stocks?

Despite changes in the retail real estate sector environment (many retailers facing pressure on sales and margins, slowdown in growth in real estate values and increased supply all across Europe), listed retail real estate companies have reinvented themselves in this last few years and are now well positioned to face this more challenging environment. In the last few years, retail real estate companies have benefited from strong like-for-like EBITDA growth (over 5% p.a. consistently for the best ones) and massive yield compression. For example, in Continental Europe, during the mid 1990's, shopping centres were not considered as institutional real estate products. They tended to trade at yields close to 10% compared against offices which were priced at 6%. Now, prime retail yields are often below 5%, actually lower than offices which are in the region of 5.5%. This development is a combination of the attraction of shopping centres for customers and retailers alike and expertise of retail real estate companies – in particular when you focus on EBITDA growth.

During this period of great performance, many retail real estate companies reinvented themselves, and became more active players – many with an increased exposure to development activities. Retail real estate owners, due to their long-term commitment to the sector and their underlying expertise in the area, were best positioned to develop and refurbish retail products. Subsequently, they provided the retail property markets with some new retail formats, notably the retail parks. In addition, the retail property sector has become more pan-European, with companies replicating their local business models in new markets. The opportunity here lies especially in Central and Eastern Europe, where new retailers are looking for increased space.

We now forecast total returns for retail property to fall in-line with office property (we expect high single-digit total returns). For both asset classes, the rental growth is likely to be in the region of 3 to 4% for the next few years. We expect retail real estate specialists to continue to get the most out of their assets. Offices are in a cyclical recovery, but we expect this recovery to generate less rental growth than in the past cycle. From the current level, we do not expect the market yields to go down further. Nevertheless, bear in mind that many retail real estate companies have NAVs that do not reflect these market conditions and that solid NAV growth is still on the agenda for the coming quarters. After this re-rating, dividend and NAV growth is going to be fuelled by development margin and rental growth.

Citigroup Investment Research (CIR)

Citigroup Investment Research (CIR) is a highly respected research unit comprised of more than 300 research analysts in more than 20 locations around the world. CIR covers more than 2,800 companies, representing 90 percent of the market capitalisation of the major global indices, and provides macro and quantitative analysis of global markets and sector trends. Combined with Citigroup's exceptional sales and trading capabilities and Smith Barney's financial consultants, the core focus of the group is to help investing clients make informed decisions by providing value-added, independent, insightful analysis. CIR was ranked second in this year's Institutional Investor All Europe Research Poll, whilst it's macro products, including quantitative and equity strategy, were ranked at number one.

AXA INVESTMENT MANAGERS

The future performance of retail property stocks is not only going to be derived from retail property exposure - it is going to be built by management teams and prime sector expertise. Many retail real estate companies should demonstrate in the next few years that "what went up could continue to go up!" General equities investors are calling these "growth stocks" (long term like-for-like organic growth higher than GDP growth) and we think that retail real estate companies definitely fall into this category.

The table highlights the listed retail sector in Europe ranked in terms of free float market capitalisation. For the purposes of this section we have included both Land Securities and British Land. Although both companies cannot be viewed as 'pure' retail companies and shear size of their retail portfolios means that they cannot be ignored. In both cases, retail comprises the largest portion (approximately 60%) of each portfolio.

The largest 'pure' players in Europe are Rodamco Europe and Liberty International. Both companies have a free float market capitalisation in the region of €6.4 billion. The companies are quite different with regards to focus however. Rodamco Europe invests in 12 separate European countries and owns more than 70 shopping centres. The company has an investment portfolio of over € 9 billion with approximately € 3 billion in a pipeline portfolio. Liberty International on the other hand is focused on UK retail market. The company owns some of the best known shopping centres in the UK including Lakeside in Thurrock, the MetroCentre in Gateshead, Braehead in Glasgow and the Manchester Arndale centre. In fifth place in the table is Hammerson. Approximately 70% of company's portfolio is retail with the remaining portion in the office sector. Hammerson is active in both the UK and French market. There is large step down in market capitalisation of € 2 billion to the next company in the list – Corio. Similar to Rodamco Europe, Corio is invested in a number of European countries, including the Netherlands (its domestic market), France, Italy, Spain and Turkey.

The total free float market capitalisation of the retail section of the EPRA Europe Index is approximately € 55 billion. Of course, it should be noted that these figures do not represent the total portfolio size of each of the companies, nor the exact portion invested directly in retail property. ◄

European Retail Sector

Company	Country	Free Float Mkt Cap (€)
Land Securities	UK	11.827
British Land	UK	9.301
Rodamco Europe	Netherlands	6.395
Liberty International	UK	6.395
Hammerson	UK	5.916
Corio	Netherlands	3.840
Klepierre	France	2.524
Eurocommercial Properties	Netherlands	1.304
Vastned Retail	Netherlands	1.261
Shaftesbury	UK	1.224
Capital & Regional	UK	1.223
Deutsche Euroshop	Germany	1.218
Mercialys	France	872
Citycon	Finland	529
Town Centre Securities	UK	357
Immobiliare Grande Distribuzione	Italy	334
TK Development	Denmark	283
Freeport	UK	279
Total		**55.082**

Source: EPRA, Europe Real Estate Yearbook 2006

AXA Real Estate Investment Management: European Retail Property Market

Most European retail markets are experiencing a modest upturn in demand, with consumer sentiment and market activity improving, in line with the general recovery in economic growth. Factors driving this upturn include stronger jobs and wages growth, falling unemployment rates, and a low interest rate environment, which have contributed to increased levels of available household expenditure, thereby leading to rises in retail sales and consumer spending growth. We expect the non-core CEE markets, in addition to Spain and Ireland, to continue to see the strongest rates of both GDP and retail sales growth in 2006, in contrast to core markets such as Germany, Italy and Portugal, which are expected to see the relatively weakest growth.

Retailer demand remained strong in most European locations and sub-sectors in 2005, with the focus of demand being Southern and Central European markets. Retail warehousing has been the most sought-after sub-sector among retailers in most markets, while demand for high street shops and shopping centres has been more mixed, depending on location, pitch and quality of the scheme. On the supply side, Iberia, Central Europe and Italy have the largest development pipelines of new retail schemes, with a potential risk of oversupply in the capital cities, but with considerable development opportunities still being available in the smaller regional centres.

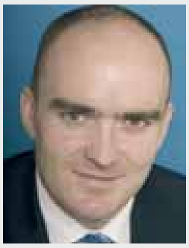
Retail investment volumes increased by 33% in Europe in 2005 compared to 2004, due to strong investor demand for product, which remains in short supply. This led to continued strong yield compression, particularly in the Central European markets, where the lowest prime high street yields are approaching those of more illiquid Western European markets. We expect future performance for the rest of 2006 to continue to be strong, driven not only by further yield compression, but also by an upturn in rental growth, supported by strong retailer demand. Non-core European markets are expected to continue to outperform.

Kiran Patel, Global Head of Research & Strategy, AXA REIM

By: Gareth Lewis

REITs – What lies beneath the surface?

Much has already been said and written about UK-REITs and the impact their introduction on January 2007 will have on the industry. Many property companies are already beginning to announce their potential suitability for REIT status and all those connected with the industry are giving a lot of thought to how they should react to this exciting new market.



Gareth Lewis
Director of Finance and Investment at the British Property Federation

Gareth is Director of Finance and Investment at the British Property Federation and has been closely involved in lobbying the UK government as part of the pan-industry group that has played a key role in shaping the UK REIT regime, due to commence in January 2007. Gareth is a Chartered Accountant who, prior to joining the BPF, was a tax adviser within the real estate group of a “big-four” firm both within their London and New York offices.

However, what many people fail to realise is that, assuming there are no last minute hitches in the parliamentary process, the regime which will come into force from 1 January 2007 is still being formulated. Fundamental aspects of the legislation are being modified both as a result of the continued efforts of HM Revenue & Customs and the BPF/IPF/RICs pan-industry working party. Major aspects of the regime that will shape the future REIT market are still being debated in parliament. We are also yet to see the full Regulations and guidance for UK-REITs that will play a crucial role in how these investment vehicles will operate in practice.

A huge step forward

Few would argue with the view that the draft legislation published on Budget day was a huge step forward and a considerable improvement on the previous version of the legislation. As a result, the regime certainly looks attractive for the listed property sector who may be in a position to simply ’tick the box’, convert to REIT status, and pay no tax on their property investment activities.

But will it really be that simple? Not necessarily. There are still a number of areas in relation to how the regime will operate in practice which have not been fully understood at this stage. Furthermore, a significant part of the regime’s legislative framework will only be revealed when the government publishes the full Regulations this summer.

This article aims to address some of the lesser-known aspects of UK-REITs and perhaps expose some of the less accurate perceptions that exist in relation to its impact on the property market.

10 per cent shareholding restriction

Crucially, this restriction is no longer a condition which results in removal from the UK-REIT regime if breached. The government’s intention behind this aspect of the legislation and Regulations is solely to ensure that a shareholder is not able to benefit from the much lower rates of withholding tax available under the UK’s various treaty networks, (which in some case can be reduced to nil). Accordingly, a shareholder is able to hold more than 10 per cent of the shares in a UK-REIT, without tax penalties being imposed, provided that shareholder does not, or is not entitled to receive income in the form of a dividend. The HM Revenue & Customs guidance manuals should provide details as to how this type of arrangement can be achieved. For example, it might be achieved by the REIT shareholder and company entering into some form of contractual arrangement with a third party, whereby the shareholder receives income which would otherwise be dividend income, in a form that is not a dividend under UK and international law.

Substantial shareholders?

So there are no restrictions on the stake that an investor can take in a UK-REIT right? Wrong. A condition within the legislation utilises an existing anti-avoidance provision called the ’close company test’. This effectively means that five or fewer shareholders cannot together control a UK-REIT, (i.e. own more than 50 per cent of it). This acts as an effective limit on the stake that an investor can hold in a UK-REIT.

Although the industry would prefer to see no such restriction, it is unlikely that the UK government will move on this aspect which is very similar to the restriction imposed on US-REITs. The US-REIT industry seems to operate successfully within these parameters and in many respects, this particular aspect of the UK-REIT regime does look less restrictive than many other REIT regimes around the world.

Of most concern to the industry was the fact that, in the legislation published on Budget day, the ‘close company’ restriction was a condition which, if breached, would have resulted in removal from the regime. However, following subsequent representations from the BPF/IPF/RIC pan-industry group, the government has again demonstrated its willingness to listen to sensible arguments from the industry and has tabled an amendment which should result in some discretion being applied in relation to these conditions.

Supermarket REITs?

There has been much speculation relating to the suitability of the UK-REIT regime for large corporate property owner/occupiers such as supermarkets and hotels, who may wish to hive off their property portfolio into a UK-REIT whilst retaining a substantial interest in the REIT vehicle. The existence of the 'close company test' above, added to the restriction imposed upon owner occupied property from the tax exempt business, effectively rules out this type of transaction. It is clearly not, at this stage, part of the government's policy objective for the UK-REIT. However, the introduction of UK-REITs may simply encourage these owner occupiers to undertake sale and leaseback type transactions, on the basis that the increased supply of investor capital would improve both the value obtainable and the benefits available for corporate occupiers.

Listing implications

The application of the UK Listing Rules to UK-REITs is also a significant area and the impact of the UK Listing Authorities' current consultation on the Listing Rules is something the BPF is monitoring closely, working with the UKLA. However, for the existing listed property sector, it seems likely that there will be no significant additional requirements imposed by the UK Listing Rules in order to convert to REIT status.

Of particular interest however, is how the UK Listing Rules will apply to the range of newly formed REIT structures which may emerge from the available stock of investment property, where there is not necessarily a corporate vehicle with the required management track record. The situation for these potential entrants to the regime is certainly less clear than for the existing listed property sector.

For example, how will a new REIT be created? What requirements will need to be met to satisfy the UKLA's management track record standards for both internally and externally managed REITs?

Based on the UKLA's consultation document, it appears that there will be no specific listing rules introduced for UK-REITs and accordingly, there will continue to be a separate set of rules for 'investment entities' and regular trading companies, regardless of whether these entities are REITs or not.

A major change in management focus?

As well as complying with the legislative requirements of the new regime, management of those companies converting to REITs may have to undergo a significant change of mindset as the switch is made to more income focused, distribution oriented, investment vehicles. There are likely to be changes in working practices; such as the way in which management and their advisors deal with onerous leases, lease breaks and tenant defaults. Management of a company's cash position is likely to become more of a focus; as a result of the increasing investor demand for transparency, the focus on returns from distributions (rather than capital growth), and the specific distribution requirements of the UK-regime.

However, many in the existing listed UK property sector would argue that these types of management changes are already happening as a result of other market factors such as yield compression, and will continue to happen, regardless of whether the conversion to REIT status is undertaken. In fact, there is a very good case to be made that the arrival of UK-REITs will have a very limited effect on the day to day running of these property companies and on the shape of the UK property market. After all, the actual legal ownership of the properties will not change and the conversion to a REIT is only a change in tax status.

The long and winding road...

Some have criticised the government for failing to formulate final details of the regime in sufficient time ahead of the go-live date of 1 January 2007. However, this criticism is unjustified on the basis that the basic form of the UK-REIT model was only finalised relatively recently, following a detailed and extensive consultation with the industry. Since the basic structure (broadly, the "tax exempt" company model) was finalised, the UK government and HM Revenue & Customs in particular have, and still are, grappling with some very complex and problematic areas. They should be congratulated for the speed with which they have formulated a workable REIT regime.

This point is highlighted by considering the continuing difficulties faced by the German authorities in obtaining consensus that there is a need for a REIT regime in Germany and in determining the most appropriate model for the G-REIT. However, despite the relative success of the UK process of implementation to date, there should be no doubt that the UK-REIT regime will not be the finished article come January and the regime will continue to evolve as problems are identified and the market develops. The joined-up work ethic of the industry and government has smoothed the process so far and if we can continue to effectively communicate and work together in such a fashion, then overcoming the inevitable problems and pitfalls inherent to a new market will be made much easier. ◂

British Property Federation

The British Property Federation represents the interests of all those who own and invest in property in the UK.

Our members are drawn from a wide range of players in the property industry–property owners and developers, institutions, fund managers, corporate occupiers, investment banks and organisations that support the property industry, such as agents, lawyers, accountants, consultants and project managers.

Although the greater proportion of the assets owned by our members are what would normally be regarded as commercial property, they own a growing amount of residential rented properties. Our members are also becoming increasingly involved in mixed-use commercial/residential developments.

Our objectives

- to obtain for the industry legislative and regulatory conditions that maximise its success and enhance the benefits the industry can bring to the UK
- to raise the profile of the property industry with political stakeholders, the media, and the public
- to encourage best practice within the industry as a means of increasing long term value and improving stakeholder perception.

By: Laura De Vere

British Land

British Land is a property investment company based in London and listed on the London Stock Exchange, investing in prime, modern properties. The portfolio is valued at £14.4 billion: the majority is directly owned and managed; the balance is held in joint ventures, partnerships and funds, of which British Land's share is valued at £2.7 billion. In total, British Land owns or manages approximately 3.8 million square metres (41 million sq ft) of real estate valued at £18.5 billion.

Our business model

Our primary objective is to produce superior sustained and secure long term shareholder returns. We do this by a focus on actively adding value to our real estate through portfolio selection, intense asset management, development, entrepreneurial dealing doing and financing.

Stephen Hester

Stephen Hester joined British Land as Chief Executive in November 2004 from Abbey National plc. At Abbey he was Chief Operating Officer, having joined in May 2002 as Finance Director.

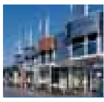
For the previous 19 years he was at Credit Suisse First Boston, holding various Investment Banking roles until becoming Chief Financial Officer in 1996 and then Global Head of the Fixed Income Division.

Amongst other interests he is a trustee of the Royal Botanic Gardens, Kew Foundation.

Our preferred basic ingredient is prime property in sectors where we have distinctive skills and benefiting from favourable long term supply/demand trends. Property that is in demand from occupiers enjoys better rental growth but also better downside protection, typically enhanced by long leases with secure covenants.

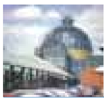
Our portfolio

Our investment approach is to concentrate on the fundamentals of each asset; enduring attraction to occupiers, scarcity value, location and efficiency.

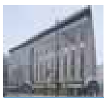


Retail Warehouses
22%

Superstores
12%

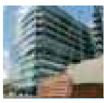


Shopping Centres
18%



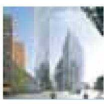
Department Stores
6%

High Street Shops
3%



Broadgate
22%

Regent's Place
4%



Developments
5%

The portfolio focuses on areas offering attractive risk-adjusted growth prospects. Some 45% is invested in out of town retail properties, including Meadowhall Shopping Centre (one of only six regional centres in the UK), 109 retail warehouses and 71 superstores. A further 35% is invested in Central London offices, and office developments, including Broadgate (the premier City office estate).

Development programme

British Land's development programme is based on opportunities created both out of existing investments and from acquisitions. We commit on the basis of pre-lets or anticipated market demand, creating quality assets for the portfolio.

Projects involving a total of 113,500 square metres (1.2 million square feet) have been completed during the year, on time and within budget. A further 234,500 square metres (2.5 million square feet) is currently or soon to be under construction, including projects such as The York Building, The Willis Building, The Broadgate Tower & 201 Bishopsgate, and Ropemaker Place. When completed, these developments could provide an additional £108 million of rent per annum (at current rental levels) of which £27 million per annum is already contracted. In addition, identified development opportunities could add a further 356,375 square metres (3.8 million square feet), including projects such as The Leadenhall Building and Regent's Place.

Group structure

The Group employs 187 staff at its head office who are focused on the integrated core disciplines of strategic property investment, management, development and financing. Approximately 550 staff are employed on-site at the Group's properties, principally Meadowhall Shopping Centre, Sheffield and Broadgate Estates, London. The Group outsources the day-to-day operational management for the portfolio and non-core disciplines.

Strategy

British Land seeks to achieve superior long-term growth in shareholder value by:

- focusing on prime assets in the office and retail sectors;

Company Focus: British Land

3.5m sq ft of Well Timed London Office Developments

Year ended 31 March 2006

- creating exceptional long-term investments with strong covenants, long lease profiles and good growth potential;
- enhancing property returns through active sales, purchases, management and development;
- maximising risk-adjusted returns through optimal financing and partnerships with others; and
- taking advantage of opportunities in the property market through flexibility, entrepreneurial organisation, deal-doing and financing.

Financial Highlights for the year ended 31 March 2006:

Net Asset Value[1] per share up 32% to 1486 pence

- Total return 35%[2]
- Valuation up 13.5% (13.9% proforma for Pillar)

Properties owned or managed up 33% to £18.5 billion

- EPRA Net assets[1] £7.8 billion, up 32%
- Net assets £6.0 billion, up 26%

Headline pre-tax profit[4] up 117% to £1,696 million

- Headline earnings per share 240 pence, up 90%
- Profit on ordinary activities before tax £1,590 million

Underlying pre-tax profit[3] up 26% to £228 million

- 19% increase in gross rental income[4] to £751 million
- Underlying earnings per share[3] up 33% to 36 pence
- Dividend up 8% to 17 pence per share for the year

Business Highlights:

Delivering on our promises to renew and work the business hard

- £2.0 billion of attractive property acquisitions (already increased 7.8% in value); re-deploy capital to primary markets.
- Pillar acquisition integrated; already a success
- Over £2.2 billion of value enhancing disposals (11.5% above value); improving growth prospects, tightening focus
- Development programme accelerating; excellent prospects and timing

Yield shift is unlikely to go much further but the superior rental growth prospects assembled in the portfolio will allow British Land to perform well. Like for like rental growth of 2.7% underlines the growth prospects for British Land's prime space.

The Future

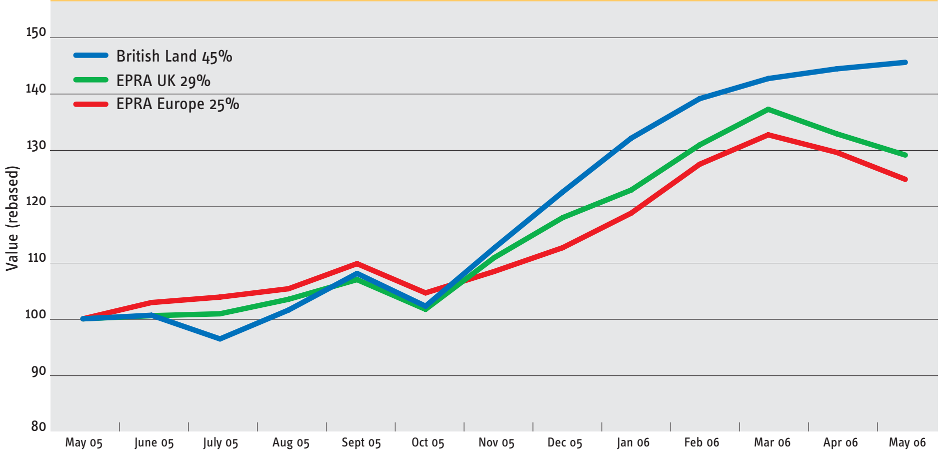
The course we set last year remains valid. Our sector focus, asset management and development potential and financial strength should provide a platform for superior results in coming years, though there is plenty of work still to do to embed the progress to date.

The advent of REITs facilitates our strategy. It will allow the right property decisions to prevail with less fiscal distortions. It is positive to stated and future Net Assets as contingent tax based on past success is substantially eliminated in exchange for the entry charge. However our basic job – making money from efficiently financed real estate – is unchanged. Total returns will continue to be the yardstick, with income certainty an important part of the mix.

While making sure that near and medium term execution is our main focus, we will continue to grow longer-term capabilities. This includes overseas, as our European out-of-town retail interests expand, or in other UK sectors or property types such as the fixed uplift and indexed rental sector. We will stay disciplined to areas of competitive advantage, but be willing to exploit our scale and expertise to add value within, across and between sectors.

The record shows that our scale and breadth can bring opportunity, without sacrifice of manoeuvrability or focused returns. Above all the acid test is long-term, tangible value creation for Shareholders. This will drive our size, our strategies and our behaviour. ◄

British Land v EPRA Europe & EPRA UK 12 Months to 31 May 2006

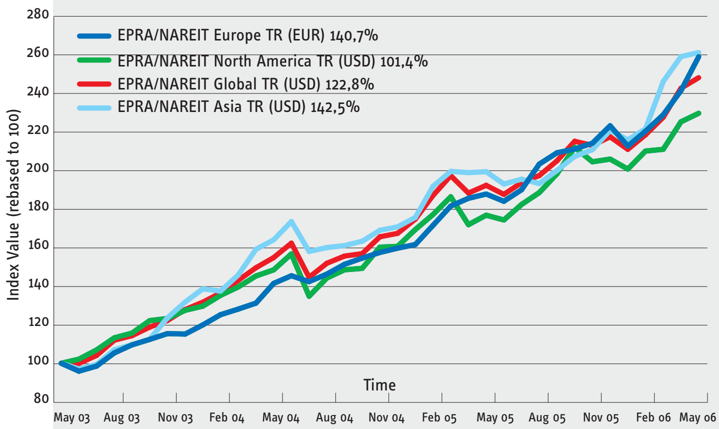


Source: EPRA

[1] EPRA basis
[2] increase in EPRA NAV plus dividends paid, excluding refinancing charges
[3] excluding debt refinancing costs, gains on asset revaluations & disposals and related tax, and the capital allowances effects of IAS 12
[4] with proportional consolidation of Funds and Joint Ventures, Table A

FTSE EPRA/NAREIT Global Real Estate Indices

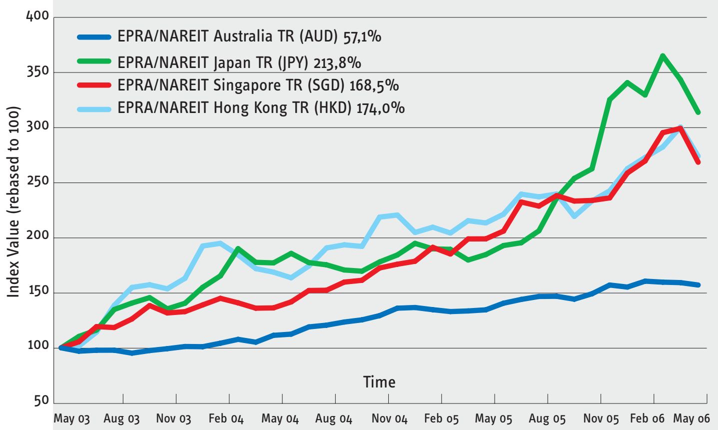
EPRA/NAREIT Global Real Estate Index



	Company	Country	Total Rtn (%) YTD	Total Rtn (%) May-06
▲	Affordable Residential	US	16,47	15,47
▲	Corrections Corp of US	US	13,74	13,97
▲	Medical Properties Trust *	US	38,24	12,65
▲	Nordicom	DK	35,74	11,51
▲	National Health Inv *	US	11,86	11,22
▼	Sunrise Senior Living REIT *	CA	-14,49	-15,57
▼	Retirement Residences *	CA	6,29	-16,53
▼	Daikyo Inc	JP	-29,49	-17,10
▼	Diamond City	JP	-7,16	-17,56
▼	China Resources Land	HK	26,60	-22,23

Index Description	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) May-06	Total Rtn (%) YTD	36 Mths Vlty (%)
EPRA/NAREIT Europe TR (EUR)	2858,78	2,62	17,26	34,01	24,71	-3,68	10,76	10,06
EPRA/NAREIT Asia TR (USD)	2037,8	3,32	17,01	34,35	34,31	-6,03	5,43	14,26
EPRA/NAREIT North America TR (USD)	3289,38	4,27	19,17	26,29	20,93	-2,31	8,06	15,21
EPRA/NAREIT Global TR (USD)	2762,77	3,63	19,84	30,61	26,37	-3,39	9,59	12,45

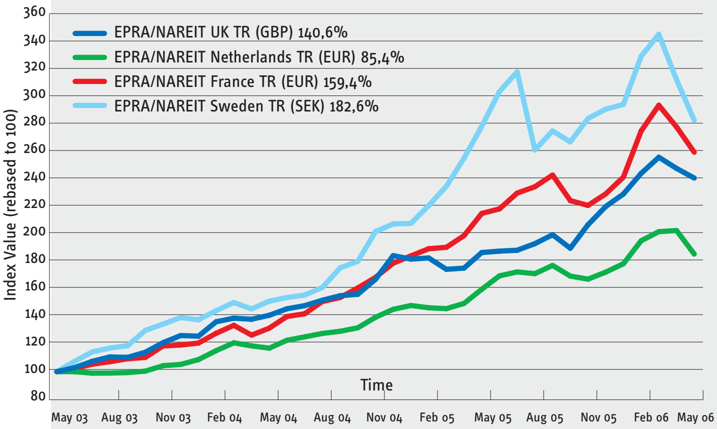
EPRA/NAREIT Asia Index



	Company	Country	Total Rtn (%) YTD	Total Rtn (%) May-06
▲	Goldcrest	JP	15,84	8,48
▲	Macquarie Goodman Group*	AU	17,34	7,57
▲	Nippon Building Fund*	JP	15,58	6,48
▲	Hopson Development	HK	96,42	5,72
▲	Kiwi Income Property Trust*	NZ	4,72	4,72
▼	Keppel Land	SG	28,47	-13,71
▼	Champion REIT	HK	-NA-	-14,22
▼	Daikyo Inc	JP	-29,49	-17,10
▼	Diamond City	JP	-7,16	-17,56
▼	China Resources Land	HK	26,60	-22,23

Index Description	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) May-06	Total Rtn (%) YTD	36 Mths Vlty (%)
EPRA/NAREIT Australia TR (AUD)	2236,42	6,41	14,75	16,24	16,75	-1,36	0,01	8,42
EPRA/NAREIT Hong Kong TR (HKD)	1558,84	2,24	11,16	39,94	28,39	-8,81	12,98	24,26
EPRA/NAREIT Japan TR (JPY)	2870,73	1,09	16,63	46,41	69,92	-8,64	-3,54	24,79
EPRA/NAREIT Singapore TR (SGD)	1300,07	3,14	16,02	38,99	34,96	-10,28	13,70	17,48

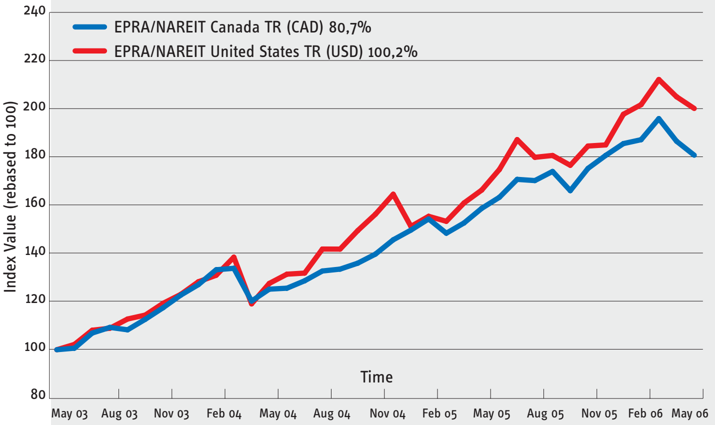
EPRA/NAREIT Europe Index



	Company	Country	Total Rtn (%) YTD	Total Rtn (%) May-06
▲	Nordicom	DK	35,74	11,51
▲	Wihlborgs Fastigheter	SE	25,00	8,37
▲	IVG Immobilien	DE	37,94	7,38
▲	Great Portland Estates	UK	10,80	4,71
▲	Sparkassen Immo Invest	AT	6,47	4,55
▼	Capital & Regional Props	UK	12,81	-12,57
▼	Risanamento	IT	31,93	-12,59
▼	Keops	DK	-6,59	-12,97
▼	Hufvudstaden A	SE	0,38	-14,71
▼	Development Securities	UK	-0,50	-15,07

Index Description	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) May-06	Total Rtn (%) YTD	36 Mths Vlty (%)
EPRA/NAREIT UK TR (GBP)	2932,14	2,17	17,65	34,01	29,01	-2,83	9,41	12,58
EPRA/NAREIT Netherlands TR (EUR)	2771,59	5,24	18,17	22,85	16,00	-8,45	7,62	11,61
EPRA/NAREIT France TR (EUR)	3372,66	3,12	23,54	37,40	20,69	-6,61	13,22	14,76
EPRA/NAREIT Sweden TR (SEK)	3838,84	4,53	21,65	41,38	1,56	-9,44	-2,78	20,93

EPRA/NAREIT North America Index



	Company	Country	Total Rtn (%) YTD	Total Rtn (%) May-06
▲	Affordable Residential	US	16,47	15,47
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▲	Boardwalk REIT *	CA	32,07	10,15
▼	U-Store-It Trust *	US	-16,05	-12,20
▼	Saul Centers *	US	5,57	-12,77
▼	American Financial Realty *	US	-8,50	-13,01
▼	Sunrise Senior Living REIT *	CA	-14,49	-15,57
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Index Description	Close Value 31-May	Div Yld (%) 31-May	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) May-06	Total Rtn (%) YTD	36 Mths Vlty (%)
EPRA/NAREIT Canada TR (CAD)	3003,31	5,66	17,42	21,81	13,90	-3,12	0,05	11,86
EPRA/NAREIT United States TR (USD)	3264,44	4,17	18,88	26,02	20,37	-2,37	8,18	15,51

→ For more information about the FTSE EPRA/NAREIT Global Real Estate Indices, e-mail: info@epra.com or info@ftse.com

Working Committees

Background

EPRA's underlying knowledge and experience lies within the EPRA working committee structure. When the association was established in 1999 it was decided that rather than try to build a large organisation with the experience in-house, the association would be kept 'lean and mean' and that the real work of the association would be carried out by working committees. Originally the committee structure consisted of four main working committees, with the addition of the Broadening the Investor Base Committee in 2005. The deployment of the working committees is made in direct reaction to market developments.

1. Best Practices Committee

The Chairman of the Best Practices Committee is Hans Grönloh of KPMG. The goals for the committee are to develop and publish Best Practices Recommendations with regard to consistent and meaningful definitions of items such as income and net asset value as well as additional disclosure of the assets and business of each company. It is important to reiterate that all of EPRA's Best Practices Recommendations are intended to be fully consistent with IAS accounting guidelines. Ultimately, we are convinced that consistent and transparent disclosure will attract investors to an industry where they clearly understand the opportunities and the risks. An update to the Best Practices Policy Recommendations was issued in January 2006.

2. Information Committee

The Chairman of the Information Committee is James Rehlaender of European Investors. The primary objective of this committee is to provide top quality, timely information to investors concerning relevant aspects of the sector. The Information Committee is split into three separate sub-committees: the Indices Committee, the Website Committee, and the Academic Circle.

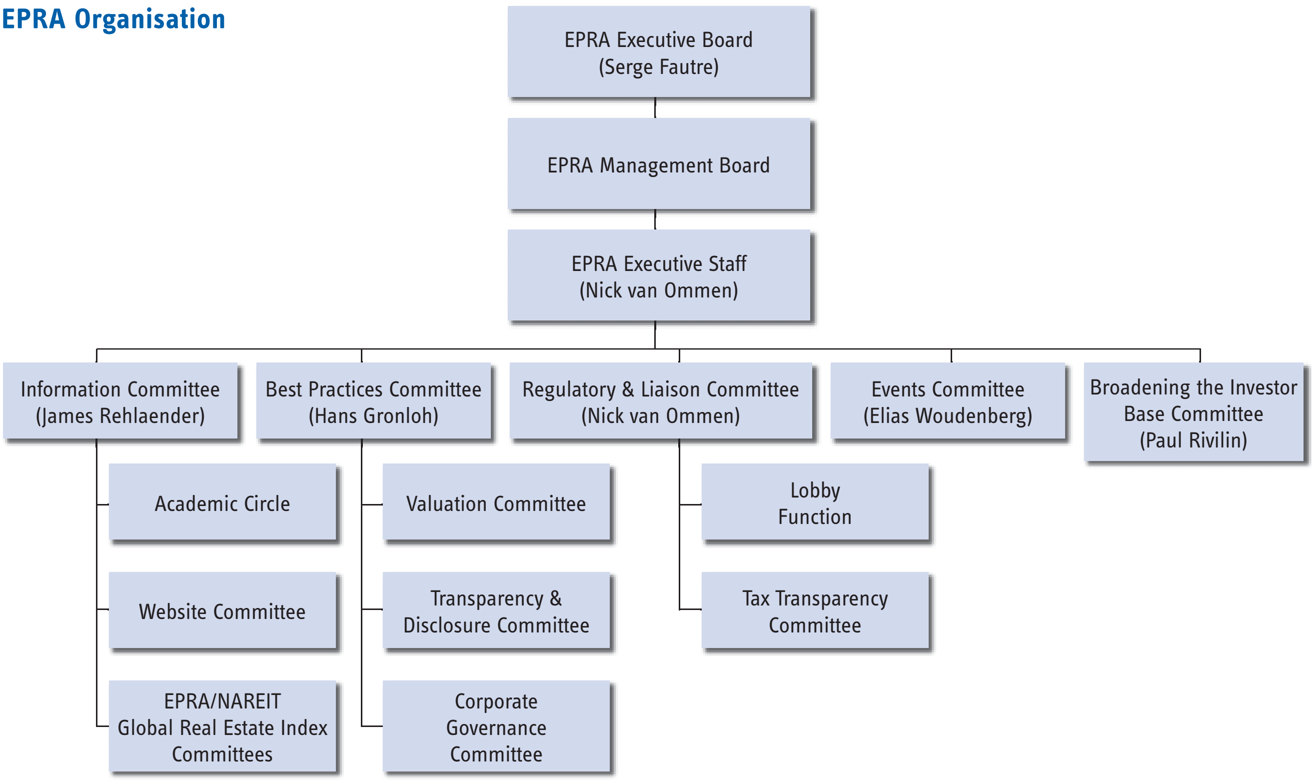
(a) Regional Index Committees

In terms of scope, construction criteria, quality, transparency and accessibility, the FTSE EPRA/NAREIT Global Real Estate Index clearly surpasses all comparable indices and has been adopted by the worldwide investment community. The index is now seen as the leading index for the quoted real estate sector worldwide. With a view to develop the index further, the calculation of the index transferred to FTSE Group as at 21 February 2005.

The FTSE EPRA/NAREIT Global Real Estate Index provides users with a very clear and transparent set of ground rules ensuring the indices are objective and understandable. The FTSE EPRA/NAREIT Global Real Estate Index is governed by three regional advisory committees, which meet on a quarterly basis, in March, June, September and December to ensure the index remains representative of the underlying real estate market. In addition, the FTSE EPRA/NAREIT Global Real Estate Index attracts new investment and deepens liquidity in the sector.

EPRA produces a monthly Statistical Bulletin, covering the FTSE EPRA/NAREIT Global Real Estate Index, which encompasses an array of useful and exhaustive statistical data on performance, market events and index changes. This

EPRA Organisation



is an essential "hard copy" tool for professionals and provides the clearest possible window on the sector around the world. In addition, daily 'tracker' files are available from FTSE.

The last round of regional index committees took place on 7 June with the changes effective 19 June. A press announcement is made available directly after the meeting and is downloadable from www.epra.com. The next round of regional index committee meetings will be held on 6 September.

(b) Website Committee

The website of EPRA is not only the gateway to EPRA and all its work, but also to its members and a world of information about the sector. The www.epra.com website averages approximately half a million hits per month. This is an astounding figure and is indicative of the quality information available and the interest in the sector. EPRA has a panel of individuals from different countries, whose task it is to discuss the role and content of the website, ensuring that it meets user's requirements and responds to new challenges. In September 2004 we launched the new version of www.epra.com to positive feedback from investors. We continually examine how we can improve the website and make enhancements on a regular basis.

(c) Academic Circle

The EPRA Academic Circle was formed in 2002, and is chaired by Martin Allen of Morgan Stanley. The Academic Circle brings together the 11 leading real estate faculties around the world to provide EPRA with an extremely valuable resource. EPRA provides the funding for the Academic Circle to produce research on topics that directly affect the sector. The selection criteria for the topics are not only academically demanding but should be assessable to practitioners. The circle conducts research based upon the demands of the market and our members. Academic Circle members are:

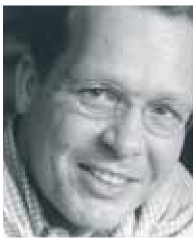
- Amsterdam School of Real Estate
- EBS Immobilienakademie
- KTI Finland
- MIT Center for Real Estate
- National University of Singapore
- University of Cambridge
- University of Hong Kong
- University of Reading
- University of Western Sydney
- Universite Paris Dauphine
- Wharton School, Zell – Laurie Real Estate Center

3. Regulatory and Liaison Committee

The primary objective of this committee is to identify and remove obstacles to free cross-border investment in real estate companies. The interim Chairman of the Regulatory and Liaison Committee is Nick van Ommen. The Regulatory and Liaison Committee is still a somewhat dormant committee although there will be increased activities towards governments, European Union, supranational bodies like IASC and IVSC as an outcome of the good work done by other EPRA committees. The decision has been taken to focus the future activities of the regulatory committee on the promotion of tax transparent property vehicles in Europe, as well at the national level as at the European level.

(a) Tax Transparency Committee

The Tax Transparency Committee (TTC), chaired by Matthias Roche of Ernst & Young in Germany, has two objectives. Firstly the committee maintains an inventory of worldwide tax transparent structures. On the basis of this inventory the TTC will publish recommendations as to what the most supportive elements are from these different structures (the short term goals) and what could be the most preferred structure for a European REIT (the long term goal). The second objective is to provide European legislators with the evidence that tax transparent structures are beneficial for the tax collectors, the companies, the investors and the tenants. As a result this will have significant macro-economic effects. The Academic Circle aims to provide supportive evidence for tax transparent structures through separate research projects. In September 2004 we issued an update of the EPRA Global REIT survey. Early in 2007 we plan to update the EPRA Global REIT survey to include the developments in the United Kingdom and Germany. In addition, a broader range of countries will be included in the survey, for example, Russia, Turkey, and New Zealand.



4. Events Committee

The primary objective of this committee, chaired by Elias Woudenberg, is to establish a high-level communication platform for the European public real estate sector by organizing productive and influential events. The annual EPRA conference is already established as the leading, dedicated meeting point for the European quoted property sector. The combination of the two-day programme, the overall quality of the attendees, and the venue contributed to the conference's growing success. The Executive Board of EPRA acted as the programme committee and seeks to attract top-class keynote speakers and panels of CEO's and other senior representatives of real estate companies, investors, and their advisers. At the 6th annual conference in Paris in September 2005, the "Best Annual Report Award 2004", sponsored by PGGM, was won by Land Securities. The "Best Large Cap Performer Award 2004", sponsored by Kempen & Co was picked up by Quintain Estates, and Town Centre Securities won the "Best Small/Mid Cap Performer Award 2004", sponsored by LaSalle Investment Management. Besides EPRA organised "road shows" in many countries, the EPRA management and executive board members also represent EPRA as speakers or panelists at various conferences in Europe, the United States, and Asia. The 2006 annual conference will be held in the Corinthia Grand Hotel Royal in Budapest on the 7 & 8 September. Full details of the conference are included in the final pages of this version of the newsletter.

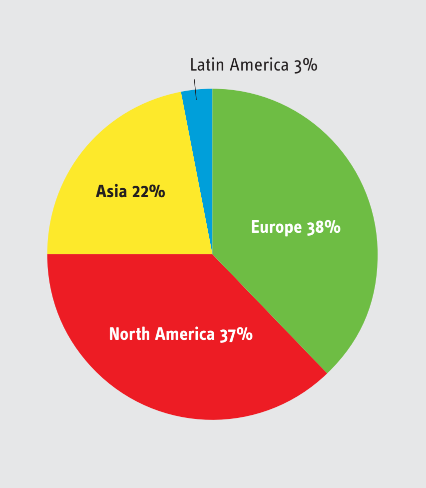
5. Broadening the Investor Base Committee

This committee was set up in 2004 and is currently under the supervision of Paul Rivlin of EuroHypo Real Estate Investment Banking in London. The aim of the committee is to take the real estate message to a broader audience, panning both institutional and retail investors. One of the first pieces of research (carried out by the University of Cambridge) will be to provide investors with a clear picture of how investing in listed real estate stocks can add benefits to a multi-asset portfolio, in terms of risk and reward. We are currently working on a piece focusing on the correlation of real estate against other asset classes. ◂

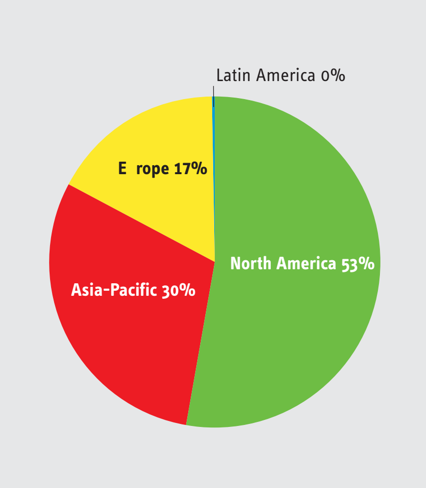
Global Real Estate Universe							
Countries	2005 GDP ($ Bn)	2005 GDP per capita ($)	2005 Real Estate ($ Bn)	30-Dec-05 Total Listed ($ Bn)	31-May-06 Total RE v Listed RE (%)	31-May-06 Stock Market ($ Bn)	31-May-06 Stk Mkt v Listed RE (%)
Japan	4.371	34.329	1.967	116,2	5,91%	4.859	2,39%
Hong Kong/China	1.620	1.240	289	74,2	25,72%	1.788	4,15%
South Korea	612	12.697	237	0,9	0,39%	730	0,13%
India	585	549	79	0,6	0,72%	612	0,09%
Australia	516	25.935	232	83,0	35,72%	775	10,71%
Taiwan	292	12.840	113	5,1	4,46%	565	0,90%
Indonesia	231	969	38	1,4	3,79%	98	1,46%
Thailand	145	2.238	31	3,5	11,03%	130	2,68%
Malaysia	106	4.522	29	7,0	23,86%	196	3,56%
Singapore	97	22.204	87	21,8	25,04%	276	7,91%
Philippines	79	922	13	4,9	38,38%	46	10,59%
New Zealand	79	19.802	35	2,4	6,77%	35	6,95%
Vietnam	40	480	5	-	0,00%	0	0,00%
Total Asia-Pacific	**8.774**	**20.759**	**3.157**	**321,0**	**10,17%**	**10.110**	**3,17%**
Germany	2.430	29.484	1.094	7,6	0,70%	1.466	0,52%
United Kingdom	1.854	30.757	1.043	63,2	6,06%	3.125	2,02%
France	1.784	29.521	803	23,7	2,95%	2.118	1,12%
Italy	1.461	25.158	657	6,1	0,92%	913	0,67%
Spain	880	21.845	396	17,8	4,50%	778	2,29%
Russia	462	3.163	112	0,5	0,41%	801	0,06%
Netherlands	533	32.638	240	15,8	6,60%	616	2,57%
Switzerland	320	42.993	144	5,4	3,73%	1.029	0,52%
Belgium	304	29.423	137	3,8	2,79%	315	1,21%
Sweden	300	33.377	135	15,5	11,47%	464	3,34%
Turkey	244	3.543	62	1,1	1,80%	138	0,80%
Austria	256	31.299	115	9,2	7,98%	168	5,46%
Norway	222	48.490	100	1,9	1,91%	281	0,68%
Denmark	210	38.858	95	1,7	1,83%	190	0,91%
Poland	217	5.611	64	1,0	1,60%	110	0,93%
Greece	173	16.227	78	0,6	0,73%	159	0,36%
Finland	162	31.079	73	1,3	1,74%	241	0,53%
Ireland	156	39.348	70	-	0,00%	120	0,00%
Portugal	147	13.939	59	-	0,00%	86	0,00%
Czech Republic	91	8.851	31	-	0,00%	40	0,00%
Hungary	83	8.265	28	0,1	0,27%	34	0,22%
Romania	59	2.635	13	-	0,00%	21	0,00%
Ukraine	53	1.094	9	-	0,00%	51	0,00%
Slovakia	33	6.137	10	-	0,00%	6	0,00%
Slovenia	28	13.740	11	-	0,00%	10	0,00%
Luxembourg	27	58.498	12	1,5	12,50%	25	6,07%
Bulgaria	20	2.658	5	-	0,00%	4	0,00%
Total Europe	**12.508**	**27.012**	**5.595**	**177,8**	**3,18%**	**13.308**	**1,34%**
Mexico	652	6.211	199	0,1	0,03%	248	0,03%
Brazil	536	2.913	127	0,6	0,46%	534	0,11%
Argentina	146	3.734	38	0,6	1,61%	69	0,88%
Venezuela	99	3.974	26	-	0,00%	8	0,00%
Colombia	87	2.067	18	-	0,00%	42	0,00%
Chile	80	5.053	23	0,4	1,77%	136	0,30%
Peru	62	2.264	14	0,1	0,39%	32	0,17%
Total Latin America	**1.664**	**4.375**	**444**	**1,7**	**0,39%**	**1.068**	**0,16%**
United States	11.092	37.852	4.991	525,1	10,52%	15.952	3,29%
Canada	877	26.984	395	29,9	7,57%	1.419	2,11%
Total Nth America	**11.969**	**37.056**	**5.386**	**555,0**	**10,30%**	**17.371**	**3,19%**
World	**34.915**	**-**	**14.581**	**1.055,5**	**7,24%**	**41.857**	**2,52%**

Sources: World Bank Organisation, FTSE, EPRA.

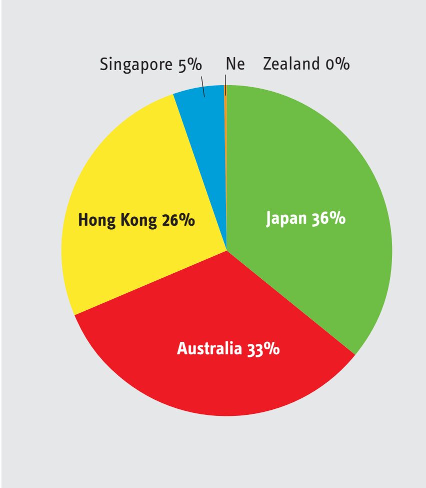
Underlying Real Estate



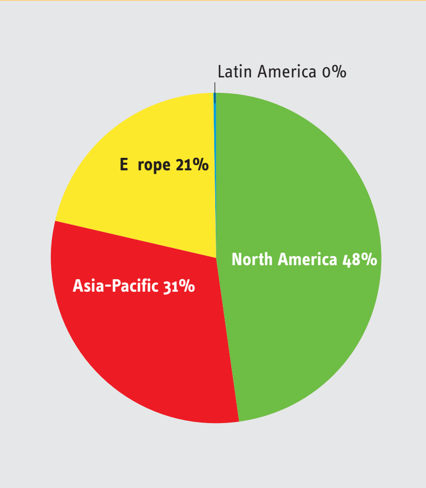
Listed Real Estate



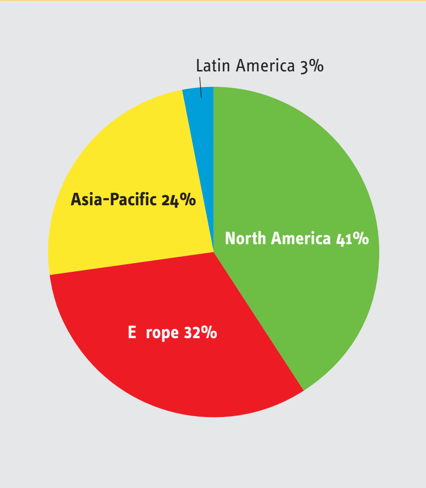
Regional Breakdown Asia



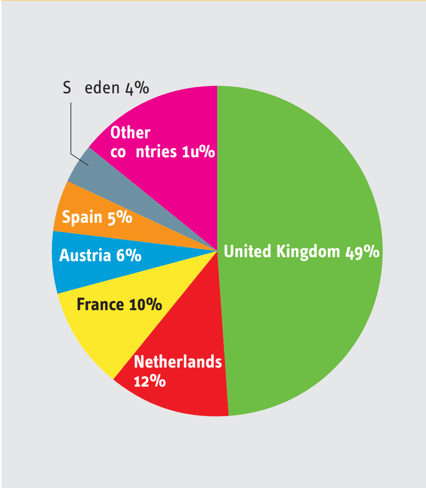
FTSE EPRA/NAREIT Global Real Estate Index



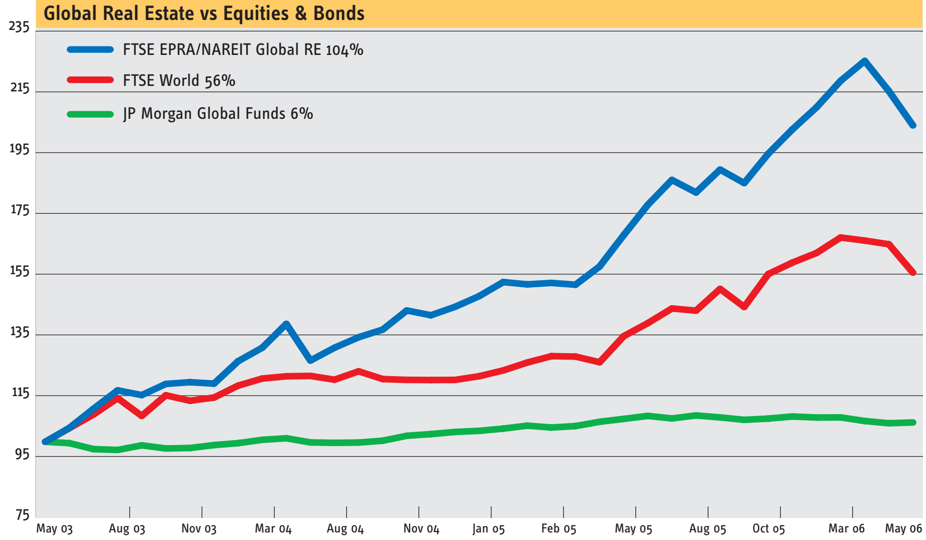
Stock Market



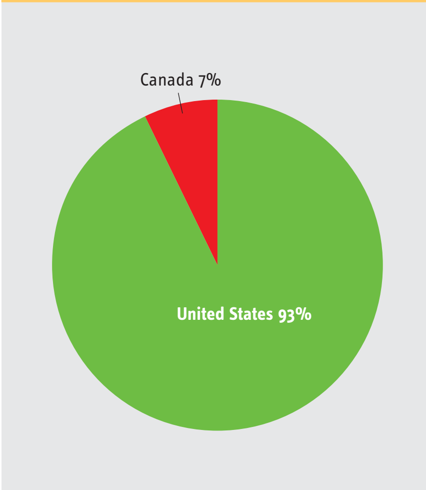
Regional Breakdown Europe



Global Real Estate vs Equities & Bonds



Regional Breakdown North America



OUTPERFORMANCE

Provisional Programme

Thursday, 7 September 2006

08:00 – 09:15	Breakfast and conference registration		
09:15 – 09:30	Opening remarks by Serge Fautré, Chairman of EPRA		
09:30 – 10:15	**Keynote speaker:**	**Nick Tyrrell, JPMorgan Asset Management**	
10:15 – 11:15	**Panel Discussion I**	**OUTPERFORMANCE BY PROPERTY COMPANIES**	
	Moderator	**Struan Robertson**	**Morgan Stanley**
	Panel members:	Adrian Wyatt	Quintain Estates and Development
		Guilio Rasetta	Risanamento
		Guillaume Poitrinal	Unibail
		Peter Lowy	Westfield
11:15 – 11:45	Break		
11:45 – 13:00	**Academic Circle**		
	Discussion leader:	**Prof. Tony Ciochetti**	**MIT**
	Presentations by:	René Buck	Buck Consultants International
		Hans Grönloh	KPMG
		Piet Eichholtz	Maastricht University
13:00 – 14:30	Lunch		
14:30 – 15:30	**Panel Discussion II**	**OUTPERFORMANCE BY PROPERTY COMPANY INVESTORS**	
	Moderator	**Ian Hawksworth**	**Grosvenor**
	Panel members:	Philippe Le Trung	Citigroup
		Patrick Sumner	Henderson
		Ritson Ferguson	ING Clarion
		Robert Fowlds	JP Morgan/Cazenove
15:30 – 18:00	Networking boat trip on the Danube		
19:00	Cocktails & Dinner at the Museum of Fine Arts Dress code: tenue de ville		

Award presentations:

1. EPRA Best Annual Report 2005, sponsored by PGGM
2. EPRA Best Small/Mid Cap Performance Award 2005, sponsored by Kempen & Co
3. EPRA Best Large Cap Performance Award 2005, sponsored by LaSalle Investment Management

* On Thursday EPRA will organise a partner's programme *

Provisional Programme

Friday, 8 September 2006

08:00 – 09:00	Breakfast		
09:00 – 09:45	**Keynote speaker:**	**Prof. Lajos Bokros, International Bank for Reconstruction and Development**	
10:00 – 12:15	**2 x 2 Concurrent Sessions**		
10:00 – 11:00	**Session I:**	**IS THERE A FUTURE FOR SELL-SIDE EQUITY RESEARCH?**	
	Moderator:	**John Gellatly**	**Merrill Lynch**
	Panel members:	Stuart Martin	First State
		Scott Crowe	UBS
10:00 – 11:00	**Session II:**	**PROGRESS ON REITS IN EUROPE**	
	Moderator:	**Ronald Wijs**	**Loyens & Loeff**
	Panel members:	Ian Marcus	Credit Suisse
		Simon Clark	Linklaters
		Matthias Roche	Ernst & Young
11:00 – 11:15	Break		
11:15 – 12:15	**Session III:**	**BROADENING THE INVESTOR BASE**	
	Moderator:	**Paul Rivlin**	**EuroHypo**
	Panel members:	Paul Marcuse	AXA
		Lorna Matheson Lister	ABN AMRO Asset Management
		Steve Wechsler	NAREIT
11:15 – 12:15	**Session IV:**	**THE CENTRAL EUROPEAN PROPERTY MARKETS**	
	Moderator:	**Jean-François Ott**	**Orco Property Group**
	Panel members:	Karl Petrikovics	Immofinanz Immobilien
		Bas Clerkx	Kempen & Co
		Terry Olin	Eastern Property Holdings
		Peter Weinzierl	Meinl European Land
12:30 – 14:00	**Panel Discussion III**	**OUTPERFORMANCE IN RESIDENTIAL REAL ESTATE**	
	Moderator:	**Olivier de Poulpiquet**	**Pirelli Real Estate**
	Panel members:	Scott Sellers	Archstone
		Rupert Dickinson	Grainger Trust
		Matthew Quinn	Stockland Trust

Closing remarks Nick J.M. van Ommen, CEO of EPRA

14:00-15:30	Lunch

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EPRA
European Public Real Estate Association

Name: Mr./Ms. ....

....

Position: ....

Company: ....

Invoicing address: ....

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E-mail address: ....

CONFERENCE

REGISTRATION FEE: EPRA members € 1,250.= excl. VAT / Non-members € 2,500.= excl. VAT

MEETING LOCATION: Corinthia Grand Hotel Royal, Erzsébet Krt. 43-49, 1073 Budapest, Hungary
Tel +36 1 479 4000, Fax +36 1 479 4333, www.CorinthiaHotels.com

PAYMENT CONFERENCE: Upon receipt of EPRA invoice. Payment of invoice by:
(1) Bank transfer (bank details will be shown on the invoice) or
(2) Cheque (if paying by cheque, please add an additional 10% to your registration fee for bank processing)

CONFERENCE CANCELLATION POLICY: If cancellation is notified to EPRA in writing:
- before 19 June 2006: free of charge
- between 19 June and 17 July 2006: 50% of the conference fee
- after 17 July 2006: full registration fee

You may transfer your registration, without penalty, to another member of your organisation.

Please indicate your interest:

7 September 2006:
Dinner: ○ Yes ○ No
Networking Boat Tour: ○ Yes ○ No
Partners programme: ○ Yes * ○ No
* Partner's first & last name:

....

8 September 2006:
Concurrent sessions: ○ I or ○ II
○ III or ○ IV
Lunch: ○ Yes ○ No

HOTEL

Hotel accommodation is not included in the registration fee. EPRA has negotiated a special room rate for participants of the Annual Conference at the Corinthia Grand Hotel Royal.
○ No hotel
○ Yes, check-in date: ...... / 09 / 2006, check-out date: ...... / 09 / 2006
○ Superior room, single use € 199.= ○ Superior room, double use € 219.=
(rates are per night including breakfast and excluding local taxes)

PAYMENT HOTEL: By credit card when checking out:
○ American Express ○ MasterCard ○ Visa ○ Diners Club

Name cardholder:...

Credit card number:..

Expiration date: .... /.................

HOTEL CANCELLATION POLICY: If cancellation is notified to EPRA in writing:
- before 19 June 2006: free of charge
- between 19 June and 17 July 2006: 50% of the total accommodation costs
- after 17 July 2006: 100% of the total accommodation costs

PLEASE RETURN BY FAX TO EPRA +31 (0)20 405 3840

EPRA is not responsible for accommodation or travel expenses relating to this conference.

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