



GUEST EDITOR **Martin Hurst**

► **UNITED WE STAND**

FEATURES

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- **RISK/RETURN TRENDS**

MARKET FOCUS

- **COMPANY FOCUS - COFINIMMO**
- **GERMAN REITS - STILL ATTRACTIVE**
- **EMERGING MARKETS**



As at 21 November 2007

EPRA MEMBERS

AUSTRALIA

- Orchard Funds Management
- MacarthurCook
- Stockland
- Univ. of Western Sydney, Property Research Centre
- Valad Property Group
- Vanguard Investments Australia

AUSTRIA

- CA Immobilien Anlagen
- conwert Immobilien Invest
- ImmoFinanz Immobilien Anlagen
- Meinl European Land
- Warimpex

BELGIUM

- Befimmo
- Cofinimmo
- ING Real Estate Capital Advisors
- Leasinvest Real Estate
- Solvay Business School

BRITISH VIRGIN ISLANDS

- Dolphin Capital Investors

CANADA

- Oxford Properties Group
- Presima (CDP Capital)

FINLAND

- Citycon
- CREF Center for Real Estate Investment & Finance/Hanken
- KTI Finland
- Sponda

FRANCE

- Acanthe Développement
- Affine
- AffiParis
- AXA REIM France
- BNP Paribas
- Credit Agricole Immobilier
- E.M.G.P.
- EUROSIC
- Foncière des Régions
- Foncière Paris France
- Gecina
- ICADE
- Klépierre
- Mercialys
- Orco Property Group
- Silic
- Société de la Tour Eiffel
- Société Foncière Lyonnaise
- Société Générale
- Unibail
- Université Paris Dauphine

GERMANY

- Alstria Office
- Beiten Burkhardt
- Colonia Real Estate
- RREEF Investment
- Deutsche Euroshop
- Deutsche Wohnen
- DIC Asset
- Eurocastle Investment
- GBWAG Bayerische Wohnungsgesellschaft
- Heitman
- HSN Nordbank
- HypoVereinsbank
- IREIBS Immobilienakademie
- IVG Immobilien
- PATRIZIA Immobilien
- POLIS Immobilien
- PricewaterhouseCoopers
- Real Estate Management Institute at the European Business School
- Rothschild
- SEB Asset Management
- TAG Tegerensee
- Viterra
- Vivacon
- WestLB

GREECE

- Babis Vovos - International Construction Group
- Eurobank Properties REIC
- Lamda Development

HONG KONG

- Hongkong Land
- University of Hong Kong, Dept. of Real Estate & Construction

ISRAEL

- Gazit-Globe

ITALY

- Aedes
- Beni Stabili
- IGD
- Pirelli & C. Real Estate
- Risanamento

NETHERLANDS

- ABP Investments
- AMB Property Europe
- Amsterdam School of Real Estate
- Archstone-Smith
- Bouwfonds Asset Management
- BPF Bouwinvest

- CB Richard Ellis
- CITCO
- Clifford Chance
- Cordares Real Estate
- Corio
- Deloitte Real Estate
- Doctors Pension Funds
- Ernst & Young European Real Estate Group
- Eurocommercial Properties
- Fortis Investment Management
- Kempen & Co
- KPMG Accountants
- LaSalle Investment Management
- Loyens & Loeff
- MN Services
- NIBC Bank
- Nieuwe Steen Investments
- PGGM
- Philips Pension Fund
- ProLogis
- Redevco Europe Services
- Rodamco Europe
- Spazio Investment
- SPF Beheer
- University of Maastricht
- VastNed Group
- Wereldhave

NORWAY

- Norwegian Property

RUSSIA

- Eastern Property Holdings
- Sistema Hals

SINGAPORE

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

SPAIN

- Fundación ESADE
- Inmobiliaria Colonial
- Inst. de Practica Empresarial
- Metrovacesa
- Parquesol Inmobiliaria y Proectos
- Renta Corporación Real Estate
- Reyal Urbis
- TESTA (Grupo Sacyr Vallehermoso)

SWEDEN

- Aberdeen Property Investors
- Castellum

SWITZERLAND

- CUREM
- PSP Swiss Property
- Sal. Oppenheim Real Estate
- Strategic Capital Management
- Swiss Prime Site
- Züblin Immobilien Holding

UNITED ARAB EMIRATES

- Abu Dhabi Investment Authority
- Al Qudra Real Estate
- MAF Investments

UNITED KINGDOM

- Allco Finance
- AMP Capital Redding Investors
- Asset Value Investors
- Barclays Global Investors
- BDO Stoy Hayward
- Big Yellow Group
- Berwin Leighton Paisner
- British Land
- Brixton
- Cambridge Place IM
- Capital & Regional
- Cass Business School
- Citigroup
- Credit Suisse First Boston
- Derwent London
- Deutsche Bank
- Dresdner Kleinwort
- DTZ International
- EuroHypo
- Fortress
- Goldman Sachs
- Grainger
- Grosvenor
- Hammerson
- Helical Bar
- Henderson Global Investors
- Hines Europe
- Invista Real Estate IM
- JPMorgan
- JPMorgan Cazenove
- Land Securities
- Lehman Brothers
- Liberty International
- Linklaters
- M3 Capital Partners
- Macquarie Real Estate
- Mapeley Estates
- Merrill Lynch
- Morgan Stanley
- Morley Fund Management
- Moody's Investors Service
- Nabarro Nathanson
- Principal Global Investors
- Prudential Property IM
- Quintain Estates & Development

- Safestore
- Schroders
- Shaftesbury
- SEGRO
- Speymill Group
- Standard Life Investments
- Thames River Capital
- UBS Investment Bank
- UK Balanced Property Trust
- UK Commercial Property Trust
- University of Cambridge, Dept. of Real Estate
- University of Reading, Centre for Real Estate Research
- Westfield Group
- Workspace Group

USA

- ABN AMRO Asset Management
- AEW Capital Management
- Cherokee Investment Services
- Cohen & Steers Capital Mgmt
- Cornerstone Real Estate Advisors
- European Investors
- Fidelity Mgmt & Research
- Forum Partners IM
- Franklin Templeton Investments
- GEM Realty Capital
- Green Street Advisors
- ING Clarion Real Estate Securities
- Kensington Investment Group
- Mercury Partners
- MIT Center for Real Estate
- Taberna Realty Finance Trust
- Real Foundations
- Russell Investment Group
- Simon Property Group
- SNL Financial
- The Tuckman Group
- The Wharton School, Zell-Lurie Real Estate Center, Univ. of Pennsylvania



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FROM EPRA

Welcome to the 24th edition of EPRA News.

Since Philip Charls started his new role at EPRA in September we have been extremely busy. Philip has travelled around Europe and the United States meeting with a whole host of different people. He has been able to bring a fresh view on the role of the association and the type of service we must offer EPRA members. The venue of the 9th EPRA Annual Conference is confirmed as the Grand Hotel Stockholm. The conference will be held on the 4 & 5th September 2008. We have already had a tremendous response to our first invitation to sponsor the event. So far, Aberdeen Investment Management, Macquarie, Immofinanz and Segro have signed up for headline sponsorship and Affine, CA Immobilien, Citycon, Goldman Sachs, PSP Swiss Property, Real Foundations and Risanamento have committed to standard sponsorship. We believe this is a clear sign that the industry is pulling together in these more challenging times.

As always, we would like to encourage members to get involved with the 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

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By: Martin Hurst

United we stand

As we look forward to 2008 a new sense of realism has entered the real estate investment world. Even though a correction was bound to happen sooner or later the events of the last few months have left the industry – not least the capital owners – badly shaken.



Martin Hurst
Editor

Martin Hurst took over as editor of IPE Real Estate last year after two and a half years with sister title Investment & Pensions Europe where he was responsible for covering pension fund investment across all asset classes. He began his professional life as an accountant in Frankfurt and was seconded to Budapest where he spent six years. He moved into journalism in 2000 and in 2005 he won the award for best fund management trade journalist at the State Street Institutional Press Awards. He speaks fluent French, German and Hungarian.

IPE Real Estate is positioned at the interface of institutional investment and the real estate industry. Drawing on its international network of correspondents and supply-side research the magazine's mission is to bring to light the views and activities of European pension funds and other capital owners (insurance companies and other plan sponsors) investing in real estate and keep them up-to-date with the rapid evolution of real estate as a global asset class.

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The need to restore confidence is paramount. The need for cooperation among industry players has never been greater. Yet there has been a proliferation of new associations representing different interest groups of the real estate industry which, in the words of the CEO of one investment manager, "may lead to a lack of joined-up dialogue and wheel reinvention."

Industry associations need to work together. EPRA's new CEO Philip Charls sees this as "definitely the way to go," as he commented in a recent introductory interview with IPE Real Estate which is published in our November/December issue. "We have so much in common – tax issues, indices and regulation. There is no point reinventing the wheel," he said.

The Real Estate Securitisation Alliance, consisting of EPRA, NAREIT, BPF (British Property Federation), REALPAC (of Canada), PCA (Australia) and ARES, had its first meeting in Athens in September. In the UK the Property Industry Alliance draws together the Investment Property Forum, the British Property Federation, the Royal Institute of Chartered Surveyors and British Council of Offices.

The EU-REIT is a case in point. The CEO of a major industry association recently described EPRA and EPF (European Property Federation) as a "perfect fit", with the former's bottom-up country-by-country approach of engagement at local level complementing the latter's experience of lobbying at EU level. It is clear that EPRA's model has yielded huge benefits for the industry; the EPF for its part announced recently that a coalition of the European real estate industry has asked the European Commission for an EU framework for real estate investment trusts. Meanwhile the OECD has been involved in moving REITs forward on a global level. "Securing its cooperation is seen as essential if we are to address tax issues on a global level," commented Philip Charls.

Sustainability was on the agenda at the recent EPRA conference in Athens. It was interesting that when the session chair asked

who among the audience was investing in sustainable real estate almost nobody responded. EPRA has a huge amount to contribute to the discussion and with other associations taking their own initiatives on the subject – BPF and PCA to name a couple of examples – broad industry cooperation would be very worthwhile. As Charls commented, "the matter is on everyone's agenda," but also stressed that "this is a very sensitive issue for members."

Turning to listed real estate, a senior executive of one major player in the market based in the US commented that the standard of governance of listed real estate companies in the US was superior to that found in other parts of the world. The conduct of company directors was the focus of his attention. Addressing governance is a key element of EPRA's mission statement and the regional disparities will narrow as a result of the close cooperation which exists between EPRA and its sister organisations NAREIT in the US and APREA in Asia.

The education of pension funds, the core readership of IPE Real Estate and the industry's capital owners, is another major issue and one where we need a concerted effort. For example, some investors question the real estate credentials of the listed market. They may have sound reasons for this based on individual needs and capabilities but in many cases the decision is based on a lack of knowledge and results in a missed opportunity.

Managers, when asked about how they view the level of investment savvy of their institutional investor clients are usually brimming with praise. Yet, citing another example, pension fund appetite for sub-prime exposure has come as a surprise to many in the industry.

Conferences are important, but dedicated training needs to be provided too. The challenge is great enough to warrant a concerted pan-industry strategy, and the efforts some associations are making to coordinate their efforts is an ideal opportunity. ◀



By: Philip Charls

Update from Philip Charls

I took over the reigns of EPRA in September. The association was clearly in good shape when I took over which is a great platform to build on. EPRA is both well respected and truly positioned as the voice of the European listed real estate sector. I appreciate the hard work that my predecessor put in to take EPRA to this stage. However, a new set of eyes on the organisation is always refreshing and I have spent the past three months searching for ways to improve.

During this period I have seldom spent a full day behind my desk. I have visited over ten separate countries, some of those countries on a number of occasions, meeting with the key players in the industry, from the investment banks, investors, analysts to the CEOs of the listed companies. By simply listening to the wealth of knowledge harboured by our members and allies, I feel I have an excellent grounding to the nuts and bolts of the industry. I would like to extend my thanks to the people that have been kind enough to share their thoughts and experience so far.

It was extremely important for me to meet with the other industry bodies we hold close ties with. In particular I would like to mention the "Alliance" of NAREIT, APREA, PealPAC, BPF, ARES and the PCA. This is an alliance stretching the four corners of the earth, representing over a trillion euros of real estate. I look forward to working within this group in the future, and I believe we can really push the perception of the sector forward in the broader investment world.

I must also mention a number of other industry bodies I have spent time with over the past few months. I have spoken with the European Property Federation (EPF) regarding lobbying at European level. I believe in 2008 we will see a closer working relationship develop here. At a country level, the BPF, ZIA, FSIF, RAKLI and the SPA have all offered their continued hand of friendship - gestures I would like to thank them for.

The EPRA team and I have been working hard on the theme and format of next years'

conference in Stockholm. I think it was clear from the feedback from the Athens conference that we can improve the quality and format of the programme. I presented a number of ideas to the EPRA Executive Board at the end of November, particularly looking at a revamped style and with an over-riding theme of "Back to Basics".

We are also revaluing the committee structure with a view to expanding the numbers of committees to address specific areas highlighted as points of interest in brought up my discussions with the members over the past three months. It is important we take a critical examination of what we are doing and the quality of products and services we are delivering to the EPRA membership.

Finally, I would like to thank the EPRA membership for your support and I look forward to working with you in 2008. Watch out, I'm coming to a country near you soon! ◀



Philip Charls



In the news

EPRA's Travels

Philip Charls took over as CEO in September and since then he has almost constantly been on the road meeting members, friendly associations and attending conferences. Totting up the countries he has visited so far: Belgium, Finland, France, Germany, Ireland, Italy, Spain, Sweden, Switzerland, UK, and United States all welcomed EPRA's new CEO. One of the most important meetings during this period was the NAREIT Annual Conference in Las Vegas. It is extremely important that EPRA continues to build its strong working relationship with NAREIT

and APREA. The three associations are committed to the common goal of promoting global listed real estate. Fraser lectured in Frankfurt and gave a presentation at the JP Morgan Investor conference in Lisbon in October. In addition, he accompanied Philip to London on a three separate occasions during October and November. Ali and Laurens attended the UBS Global Real Estate Conference in London at the end of November. EPRA's travel schedule for 2008 is filling up, with a number of events organised with NAREIT and APREA already tied down. ◀



North American M&A Activity 2007

The United States and Canada have seen plenty of M&A activity in 2007. A total of 22 deals have taken place involving constituents of the FTSE EPRA/NAREIT Global Real Estate Index. The total deal size was US\$104

billion with a weighted average premium on announcement of 19%. The largest deal was the Equity Office takeover by Blackstone, the total value approximately US\$34 billion. Archstone-Smith was the next largest at

US\$20 billion. Five of the 22 deals occurred in the Canadian market, Retirement Residences being the largest at US\$2.8 billion. ◀

Month	Target	Country	Acquirer	Total Value US\$ (m)	Announced Premium (%)
Jan-07	Global Signal	USA	Crown Castle International	5.669	12,26
Jan-07	CentraCore Properties Trust	USA	Geo Group, Inc.	391	15,75
Jan-07	Retirement Residences REIT	Canada	Public Sector Pension Investment Board	2.788	15,32
Jan-07	Reckson Associates Realty Corp.	USA	SL Green Realty Corp.	5.823	1,06
Feb-07	Equity Office Properties Trust	USA	The Blackstone Group	34.102	30,91
Feb-07	Truststreet Properties	USA	General Electric Corp.	2.866	35,96
Mar-07	Columbia Equity Trust	USA	JP Morgan Chase & Co.	357	13,88
Mar-07	BNP Residential Properties	USA	Babcock and Brown	694	41,35
Apr-07	Mills Corporation	USA	Simon Property Group and FCM Ventures	5.716	26,9
Apr-07	Alexis Nihon	Canada	Homburg Invest Inc.	964	-0,4
Apr-07	New Plan Excel Realty Trust	USA	Centro Properties Group	5.234	-0,21
Apr-07	Sunrise Senior Living REIT	Canada	Ventas Inc.	2.186	-0,18
Jul-07	Innkeepers USA Trust	USA	Grand Prix Acquisition Trust	1.353	6,67
Jul-07	Winston Hotels Inc.	USA	Inland America Real Estate	670	7,26
Jul-07	Highland Hospitality Corp.	USA	JE Roberts Companies	1.807	7,12
Aug-07	Spirit Finance Corp.	USA	Redford Holdco LLC	3.312	11,62
Aug-07	Crescent Real Estate Corporation	USA	Morgan Stanley Real Estate	4.429	11,02
Sep-07	Legacy Hotels REIT	Canada	LGY Acquisition LP	2.400	1,14
Oct-07	Canadian Hotel Trust	Canada	British Columbia Investment Management	1.193	20,79
Oct-07	Republic Property Trust	USA	Liberty Property Trust	797	22,86
Oct-07	Archstone-Smith	USA	River Holding	19.957	16,65
Oct-07	Equity Inns	USA	Whitehall Street Global Real Estate	1.933	16,18
				104.640	19,02



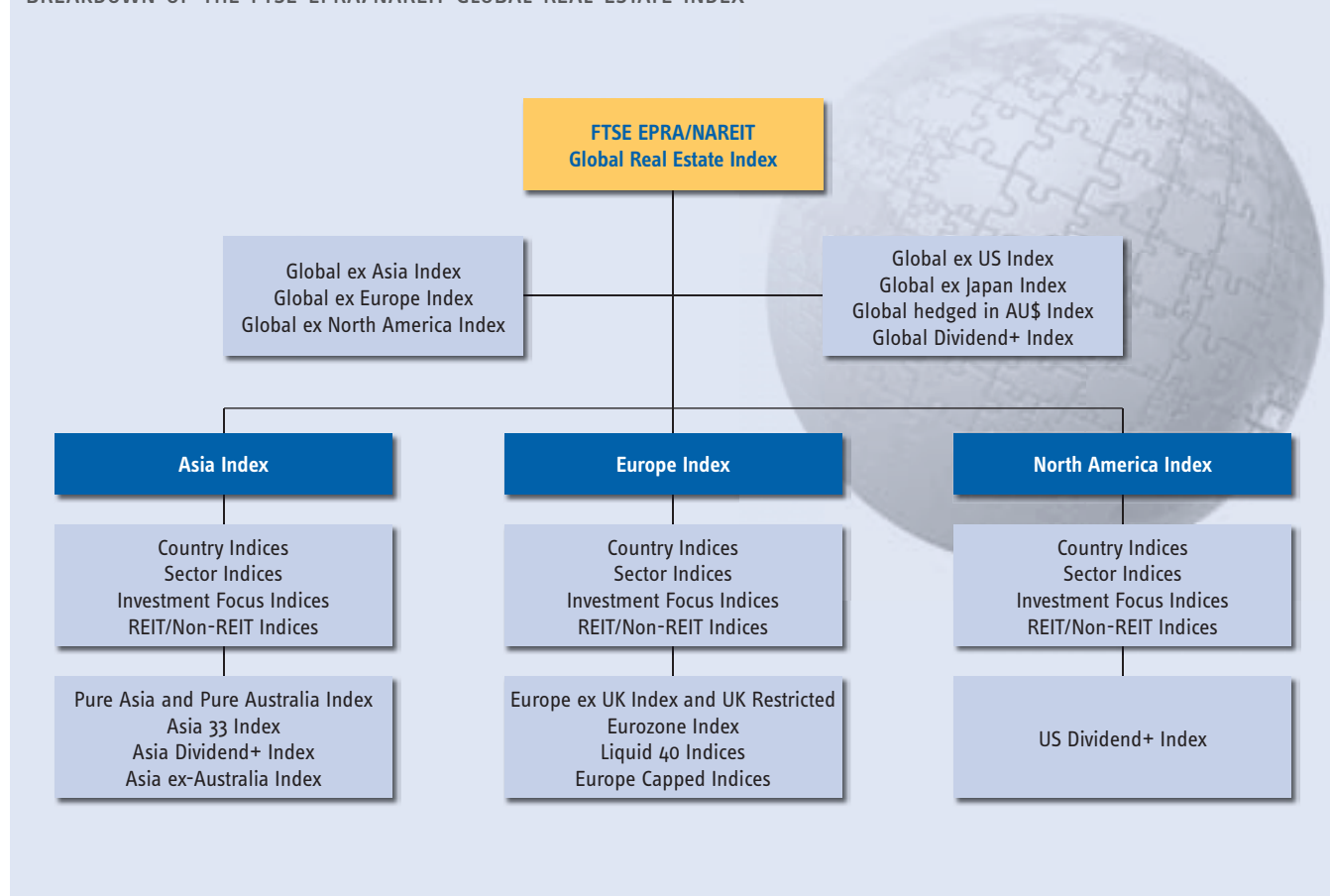
FTSE EPRA/NAREIT Overview

The table below provides an overview of the breakdown of the FTSE EPRA/NAREIT Global Real Estate Index. The index covers

regions, countries, investment focus, sectors, REITs and Non-REITs amongst many other options. All indices are disseminated in EUR,

USD, GBP, JPY, and Local Currencies, including price, net and gross total returns. ◀

BREAKDOWN OF THE FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX



EPRA Membership hits 218

Membership numbers continue to rise. Since the last edition in October we are pleased to have welcomed 7 new members from 5 different countries. New members for this period are: AffiParis (France), Bouwfonds (Netherlands), Credit Agricole Immobilier (France), Eurosic (France), Grosvenor (UK), Instituto ISADE Barcelona (Spain) and MacarthurCook International Real Estate Investment Managers (Australia). A full membership list is located on page 2 of the newsletter. ◀





**FTSE EPRA/NAREIT Europe and
FTSE EPRA/NAREIT Euro Zone
Index futures**

A whole new
dimension in
real estate.

First European futures on indices of real estate companies:
FTSE EPRA/NAREIT Europe and FTSE EPRA/NAREIT Euro Zone index futures.

For the first time in Europe there is an easy way to diversify your equity exposure or hedge a position in real estate firms, with futures on indices that track the performance of European real estate companies. FTSE EPRA/NAREIT Europe and FTSE EPRA/NAREIT Euro Zone Index futures are available on the Paris derivatives market and offer cross-margining with other Euro-denominated products. Bolster the foundations of your investment strategy.



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Net Asset Value Project

We are currently working on a project to map net asset value (NAV) premium/discounts across the European region. As a first step, we worked the data back to 1989 using the constituents of the FTSE EPRA/NAREIT UK Index. The constituents in the underlying NAV index mirror exactly the constituents in the FTSE EPRA/NAREIT UK price index over the period. Using published total assets, total liabilities and shares in issue data from the annual accounts of the constituents we calculated NAV per share for each constituent over the time period. Weighting each constituent by its net asset value we calculated a weighted average discount/premium for the UK. The figure below

shows the results from 1989 to end November 2007. Over the period, the UK trades at approximately 20% discount to underlying published NAV. Currently the UK trades at approximately 33% discount to published NAV, 13 percentage points below its long term average. In fact, looking at the graph the UK only spiked into premium territory on seven separate occasions over the period.

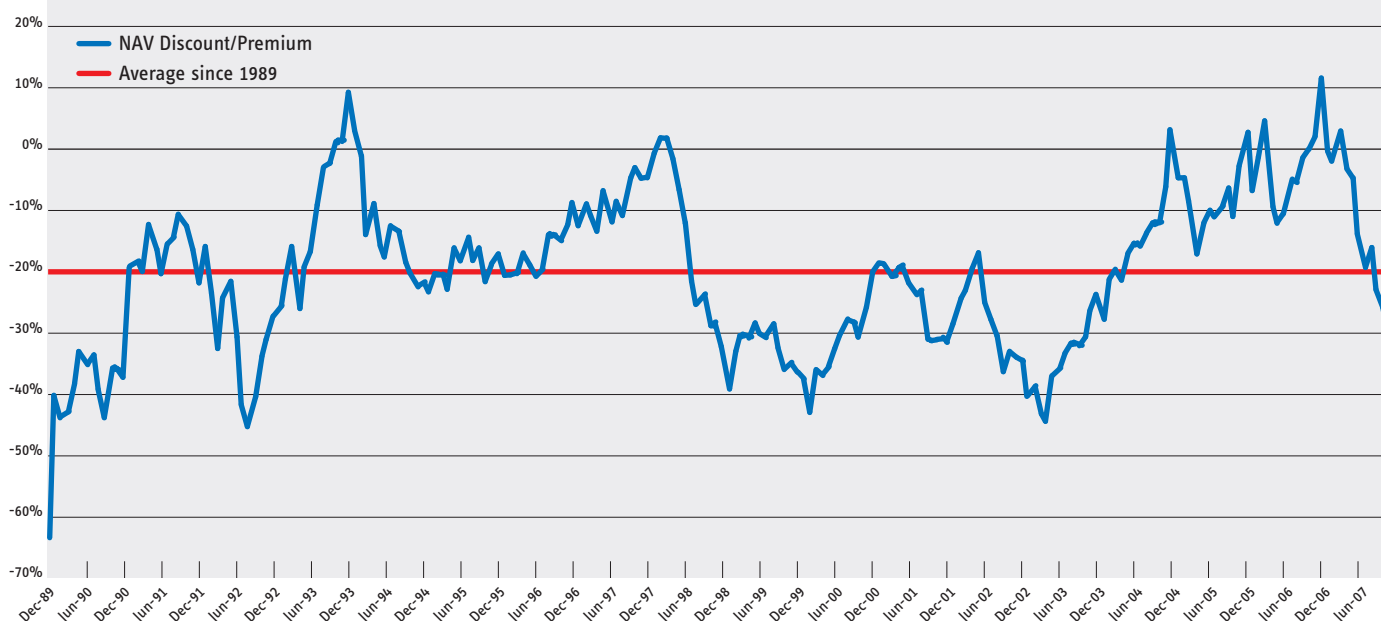
Looking forward, we would like to develop the project in a number of ways:

- Expand to cover all European constituents;
- Produce country, regional and sector specific NAV indices;

- Disseminate on www.epra.com (daily) and the monthly statistical bulletin for EPRA members;
- Provide users the option between published NAV, EPRA NAV and EPRA NNNNAV as recommended in the EPRA Best Practices Recommendations;
- Stimulate enough interest in the analyst community to contribute to a NAV consensus pool.

We would be grateful of any feedback and would be interested if you would like to contribute to the NAV consensus section of the project going forward. ◀

UK Published NAVs - Premium/Discounts 1989 to Date



Ali Zaidi joins the EPRA Research Team

Ali joined the research team on 1 October. Ali's initial projects are working on the emerging market indices for the FTSE EPRA/NAREIT Global Real Estate Index and the European corporate governance report with Erasmo Giambona of the University of

Amsterdam, which is featured later in this edition of the newsletter. Ali holds a BA in Economics and Business and is due to complete his MSc in Finance in the first quarter of 2008. He studied at the University of Amsterdam. ◀

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By: Ben Sanderson

PRUPIM

Opportunity knocks. But only for the geographically broad minded investor



Ben Sanderson
Director

- Ben Sanderson is a Director: Fund Management and Head of Real Estate Securities at PRUPIM, part of the M&G Investment Management Group.
- He has worked for PRUPIM for 5 years and in international real estate for 10 years. Prior to his current role Ben led the global view formation and strategy team for PRUPIM's £18 billion investment in UK and international property markets.
- He was a member of the investment committee for the €800 million M&G European Property Fund and took specific responsibility for research and strategy in Europe and the Asia Pacific region. He was also responsible for delivering insights into the position of property within the Prudential's global multi-asset allocation process working closely with the Prudential and M&G global equity and bond teams.
- Prior to joining PRUPIM Ben worked as economist and real estate strategist in Asia Pacific and Europe – most recently for Jones Lang LaSalle based in Tokyo at the launch of the Japanese J-REITs in 2002. From 1999 to 2001 he was Jones Lang LaSalle's senior European Economist and property forecaster.
- He is a member of the Investment Property Forum (IPF) and is module leader for the IPF's Investment Education Programme module on "International Real Estate Investment". Ben is Vice-Chairman of the UK Society of Property Researchers and a member of the UK Society of Business Economists. Ben has BA and Masters degrees in economics and holds the UK Society of Investment Professional's Investment Management Certificate and is an approved person under FSA regulations.

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From the perspective of a Euro-centric investor in listed real estate, 2007 has been a depressing year. EPRA members may not wish to be reminded (but are likely to know only too well) that as at mid-November investors in European real estate stocks are sitting on a sterling negative total return of 25%. For the UK investor it has been even worse with the UK market returning around minus 36%. At the time of writing November is set to be yet another month of double digit negative returns. When investors are constrained to the European real estate universe, even the shrewdest long-only fund managers have been struggling to make money against this type of backdrop.

Hindsight investment management?

Looking at historical performance data it is interesting to compare recent performance in a global context.¹ Europe's poor performance this year is worse than North America (down 20%) and Asia (up 8%) but in a longer term context comes after a very strong bull run. Chart 1 illustrates the price performance of the global and regional indices since 2000 and shows that the European real estate index has risen significantly more than Asia and North America during that time. This price chart clearly says nothing about the appropriateness of valuations, but the out-performance of European stocks vs. Asia in particular will surprise many. Remember that in that time the valuation of underlying Asian real estate assets have been experiencing re-ratings of a much more significant level than that experienced by European properties. And at the same time liquidity, access and transparency have been improving with, for example, new REIT legislation in Japan, Hong Kong and Singapore. There has also been a significant increase in the number of listed and unlisted property funds and rental growth has been, in general, positive and strong across most market sectors. With low debt costs and undervalued exchange rates the relative call in favour of Asia and out of Europe seems an obvious one – with hindsight of course. But of course even if investors had been able to see this coming, a regionally constrained fund manager could not have made that call.

That was then, but this is now....

Looking forward it seems likely that being geographically constrained will impact on investment returns with opportunities arising in new locations and sections of the markets. EPRA track over 300 stocks in their FTSE/EPRA/NAREIT global index but this in itself

only gives a flavour of the opportunities available to investors and, in my view, does not fully reflect the shape and make-up of the investment universe. Recent data from AME Capital shows that as Asia continues to grow the market cap of the region now dominates global listed markets. Chart 2 illustrates that Asia is now 46% of the global market and highlights the significant fact that Hong Kong is now the largest real estate market in the world. It accounts for nearly 20% of the global market compared to 19% in the United States. This is a contrast to the latest EPRA global data which, in October 2007, estimated that Hong Kong accounted for 14% of global listed real estate compared to 35% for the US. The differences are mainly definitional and due to the criteria used to be included in the universe. Both are correct in terms of their approach and definitions. However the key point here is that if one takes a broader view the investment universe looks very different.

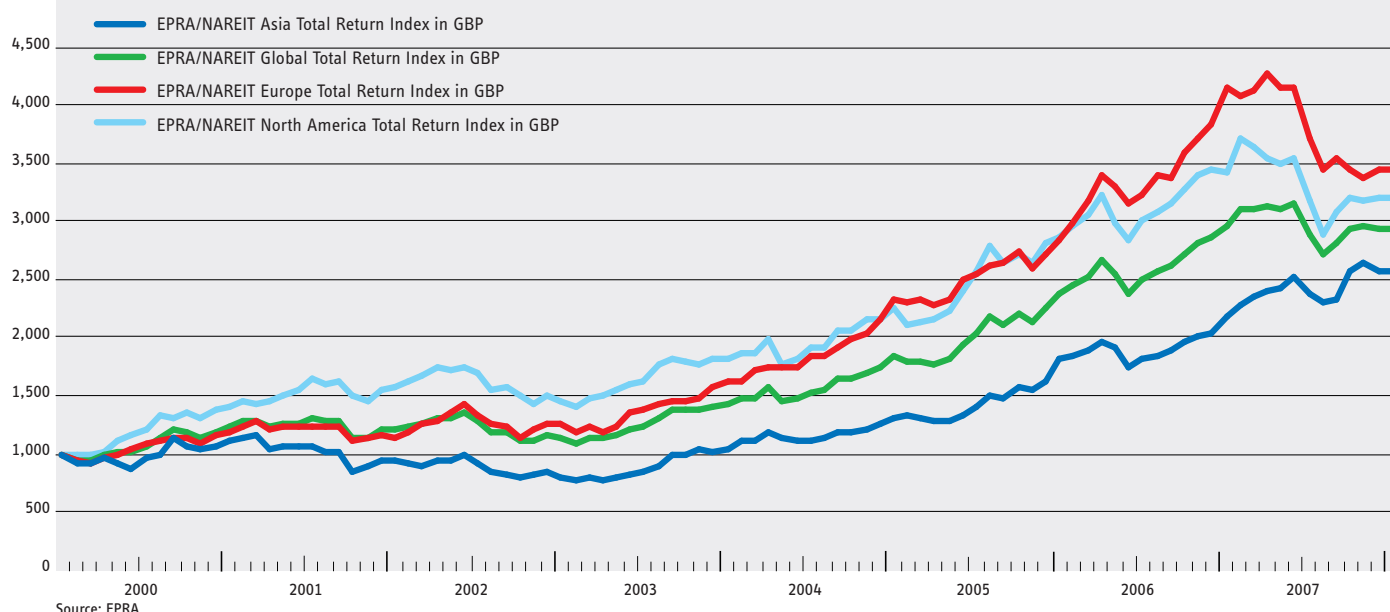
Third biggest property company is where?

Another fascinating example illustrated in Chart 2 is the significance of India which is around 4% of the global universe and does not appear at all in the EPRA global statistics. 4% may not sound that sizeable, but it means that India is larger than any single European market outside the UK, and means that India accounts for roughly the same (though a slightly larger) proportion of global real estate as the French listed real estate sector. India is dominated by DLF which has a £20 billion market cap and is the third biggest real estate stock in the world. The diversity of activity and size of DLF is not a fact many in European real estate probably fully appreciate. India is clearly a developing, rather than mainstream market, however in terms of



Opportunity knocks. But only for the geographically broad minded investor

Chart 1



growth, speed of development and fundamental property demand it is a market that investors will not be able to ignore for long.

The same applies to South America which currently is only 1.5% of the global universe but is larger than the Netherlands, Belgium and Switzerland combined. The emerging markets in South America are dominated (in size terms) by Brazil which accounts for over 80% of the "Emerging Americas" market. However unlike India which, at present, is dominated to some extent by DLF, in Brazil there are over 20 stocks of a reasonable size and with decent liquidity which are operating over an increasingly diverse range of activities and segments. With such compelling macro-economic dynamics and an

under-supplied real estate market it seems set to be another market of huge significance in the medium term which a purely Euro-centric investor would be unable to take advantage of.

A final example is the Middle East and Emerging Africa. Chart 2 shows that these markets currently make up around 5% of the investment universe with the largest market being the UAE. Grouping these markets together in a geographical sense may make sense (of sorts) but in terms of dynamics and development there are huge differences. One thing is however common: these markets, like those in Asia and South America, are likely to grow in absolute and global proportional terms and take an

increasingly significant amount of global real estate investment capital. Risk and return trade offs in these markets will vary; in some markets valuations look challenging. But it is undoubtedly the case that opportunities to deliver enhanced returns exist - opportunities that a geographically constrained investor will not be able to take advantage of. For those investors hoping not to experience a repeat of the "annus horribilis" of 2007 a broader investment perspective may well be required and would certainly be advised. ►

¹ With apologies to Euro investors, this article takes UK/Sterling focused approach but the comments made are equally relevant to them.

Chart 2

Countries	Number of companies	Market Cap < £ 100m	Market Cap £ 100m to £	Market Cap > £ 1 bn	Sector market Cap £ bn	% of Global Listed Real
Asia	748	333	301	97	513.5	45.84
Asia Developed	360	127	162	70	364.9	32.57
Hong Kong	130	38	52	40	219.2	19.57
Japan	171	75	79	17	98.1	8.76
Singapore	59	14	31	13	47.6	4.25
Asia Emerging	388	206	139	27	148.6	13.26
China	84	9	56	16	72.7	6.49
India	32	12	11	8	43.9	3.92
Indonesia	36	25	11	0	3.8	0.34
Malaysia	93	74	19	0	8.8	0.78
Philippines	36	24	7	3	8.3	0.74
South Korea	11	10	1	0	0.6	0.06
Sri Lanka	1	1	0	0	0	0
Taiwan	49	27	22	0	6.1	0.55
Thailand	44	23	11	0	3.9	0.35
Vietnam	2	1	1	0	0.4	0.04
Americas	403	183	151	64	263.1	23.49



By: Ben Sanderson

Chart 2

Countries	Number of companies	Market Cap < £ 100m	Market Cap £ 100m to £	Market Cap > £ 1 bn	Sector market Cap £ bn	% of Global Listed Real
American Developed	362	175	122	61	246.3	21.99
Canada	79	48	23	7	34.3	3.05
US	283	127	99	54	212.1	18.93
Americas Emerging	41	8	29	3	16.9	1.5
Argentina	2	0	2	0	0.7	0.06
Bermuda	2	1	0	0	0	0
Brazil	27	1	23	3	14.8	1.32
Chile	4	2	2	0	0.5	0.04
Mexico	1	0	1	0	0.7	0.06
Peru	4	3	1	0	0.2	0.01
Venezuela	1	1	0	0	0	0
Europe	591	278	224	45	210	18.75
Europe Developed	514	237	201	40	186	16.6
Austria	14	2	7	4	13.1	1.17
Belgium	44	31	13	0	4.1	0.37
Denmark	15	11	4	0	1.8	0.16
France	77	38	28	11	44.7	3.99
Germany	93	65	24	3	15.7	1.4
Ireland	3	1	2	0	0.4	0.04
Italy	13	3	8	2	5.5	0.49
Luxembourg	1	1	0	0	0	0
Netherlands	12	1	8	2	8.4	0.75
Norway	7	0	7	0	3.5	0.31
Spain	18	1	8	7	23.1	2.06
Sweden	24	7	14	3	10.5	0.94
Switzerland	14	7	6	1	3.7	0.33
Europe Emerging	77	41	23	5	24	2.15
Bulgaria	19	12	0	0	0.2	0.02
Cyprus	3	2	1	0	0.3	0.03
Czech Republic	2	1	1	0	0.2	0.02
Estonia	1	0	1	0	0.1	0.01
Finland	6	3	3	0	1.7	0.15
Greece	7	2	5	0	2.1	0.19
Hungary	3	2	1	0	0.3	0.03
Latvia	1	1	0	0	0	0
Malta	1	1	0	0	0	0
Poland	9	2	5	1	4.6	0.41
Portugal	3	3	0	0	0	0
Russia	8	2	2	4	12.9	1.15
Turkey	13	10	3	0	1.4	0.13
Ukraine	1	0	1	0	0.1	0.01
Oceania	130	60	47	17	74.7	6.66
Australia	118	53	42	17	73	6.51
New Zealand	12	7	5	0	1.7	0.15
Middle East & Africa	194	104	75	13	58.9	5.26
Egypt	14	10	4	0	2	0.18
Israel	79	56	22	1	10.8	0.97
Jordan	11	10	1	0	0.7	0.06
Kuwait	30	8	21	1	6.7	0.6
Lebanon	1	0	0	1	1.5	0.13
Mauritius	1	1	0	0	0	0
Morocco	3	1	0	2	5.8	0.52
Namibia	1	1	0	0	0	0
Qatar	2	0	1	1	1.9	0.17
Saudi Arabia	7	0	6	1	4.7	0.42
South Africa	30	11	16	1	5.9	0.53
Tunisia	3	3	0	0	0	0
UAE	7	0	2	5	18.4	1.64
Global Total	2066	958	798	236	1120.2	100

Source: AME Capital



By: Fraser Hughes EPRA & Alex Moss AME Capital



Global & Global REIT Funds Update

The first global fund was introduced in 1989¹. However, the real growth in the number and size of global funds has occurred in the last four years. We published an overview of the global mutual fund market at the beginning of 2006. At that point in time we covered 68 funds with total assets under management of US\$ 14.5 billion. In March 2007 we updated the report – at this point the figure had jumped to US\$ 52 billion made up of 153 funds. Due to the amount of interest we have seen in the last six months from readers, we update these figures to end October 2007. Total assets under management reached US\$ 81 billion, with over 250 funds on the EPRA/AME Capital radar screen. In this version of the update, we split the funds into two broad categories: Global Funds (capturing REITs and Non-REITs) and Global REIT only funds.

Fund strategies

Of all funds analysed, 74% (US\$60 billion) of the assets under management focus on the broad selection of global real estate securities. It should be noted that in this update we group together Global ex United States, and Global ex Australia under the broad Global category. In the March update these categories were split out. 26% (US\$21 billion) invest in global REITs only. All funds on the radar screen are classified in one of these two categories and are highlighted in figures 1 & 2. In addition, figures 3 & 4 detail the performance attributes of the funds compared against other strategies.

Who's the Biggest?

Of the broad Global funds in figure.1, Fidelity manages the largest fund by far. Fidelity's global fund has assets under management of approximately US\$ 5.9 billion, or approxi-

mately ten percent of all AUM in the broad global funds section. Standard Life Select property Fund sits in second spot with US\$3.4 billion, followed by the DJE Real Estate Fund at US\$2.5 billion. The top five funds comprise 27% of the category and the top ten around 42%. Average fund size is around the US\$300 million mark.

Looking at Global REITs (figure.2), Japan is heavily represented at the top of the list. Nomura's Global REIT fund weighs in at US\$ 5.7 billion and DLBJ's World REIT fund at US\$ 4.2 billion. In fact, all but one of the top ten funds in this category is domiciled in Japan. The top five funds comprise approximately 65% of the total, with the top ten making up 81%. Average fund size is approximately US\$444 million, around US\$140 million more than the broader Global funds category.

Summary

In the last two years, the growth in the number of property securities mutual funds has been phenomenal. Total assets under management have grown from under US\$10 billion in 2005, to \$81 billion in October 2007. Growth in both number and size of the global funds is driven by a number of reasons. However, the most publicised driver is the diversification benefits offered by a global real estate portfolio. Real estate is a strong diversifier within the mixed-asset portfolio generally and a global real estate investment programme provides attractive diversification characteristics within the real estate allocation. For example, from a US standpoint, the addition of Europe and Asia to the investment universe more than doubles the size of your investment pool. In market capitalisation terms, the investment pool increases from \$319 billion to \$834 billion². In addition, REIT developments and IPOs in Europe and Asia, continue to present investors a new level of opportunities. With this in mind, the size of the institutional quality Global listed real estate market could easily hit US\$1.5 trillion within the next five years.

¹ The Alpine International Real Estate Equity Fund was introduced in February 1989.

² Using the regional free float market capitalisations of the FTSE EPRA/NAREIT Global Real Estate Index.

Figure 1: Global Property - EPRA/AME Capital Ltd		Global Property Securities Funds - October 2007					
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
FRESX US Equity	FIDELITY REAL ESTATE INVEST	Fidelity Funds/USA	5,890	Open-End Fund	USD	Global	US
SLPRORI LN Equity	STANDARD LIFE SELECT PTY-R-I	Standard Life Investments Mutu	3,407	Unit Trust	GBP	Global	GB
DJERESE LX Equity	DJE REAL ESTATE-P	DJE Investment SA	2,546	FCP	EUR	Global	LU
EGLRX US Equity	ALPINE INTL REAL ESTATE EQ-Y	Alpine Capital Funds/USA	2,215	Open-End Fund	USD	Global	US
IGR US Equity	ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	2,119	Closed-End Fund	USD	Global	US
AMPWGPS AU Equity	AMP WHL-GLOBAL PROP SEC	AMP Capital Investors Wholesal	2,096	Unit Trust	AUD	Global	AU
AWP US Equity	ALPINE GLOBAL PREMIER PROPER	Alpine Woods Capital Investors	1,908	Open-End Fund	USD	Global	US
AAPFGL Equity	ABN AMRO GLOBAL PROP SEC FD	ABN AMRO Funds/Netherlands	1,822	Open-End Fund	EUR	Global	NL
CENTDPI AU Equity	CENTRO DIRECT PROPERTY INTL	Centro MCS Manager Ltd/Austral	1,668	Open-End Pension	AUD	Global	AU
MSUAX US Equity	MORGAN STANLEY INS INTN RE-A	Morgan Stanley Institutioi F	1,633	Open-End Fund	USD	Global	US
OPTSREI CN Equity	UNITED REAL EST INV POOL-W	United Funds/Cada	1,436	Open-End Fund	CAD	Global	CA
IRFAX US Equity	COHEN & STEERS INTERN RLTY-A	Cohen & Steers Fund Group/USA	1,400	Open-End Fund	USD	Global	US
IGLAX US Equity	ING GLOBAL REAL ESTATE FD-A	ING Funds/USA	1,361	Open-End Fund	USD	Global	US
ARIIX US Equity	ALLIANCEBERNSTEIN GLBL RE-I	Alliance Funds/USA	1,344	Open-End Fund	USD	Global	US
NGREX US Equity	NORTHERN GLOBAL RE INDEX FD	Northern Funds/USA	1,085	Open-End Fund	USD	Global	US
FIREX US Equity	FIDELITY INTL REAL ESTATE	Fidelity Funds/USA	962	Open-End Fund	USD	Global	US
UBSRESA SW Equity	UBS CH INST2-GL RL EST SEC-A	UBS CH Institutioi Funds/Swi	909	Open-End Fund	CHF	Global	CH



By: Fraser Hughes EPRA & Alex Moss AME Capital

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TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
SKASGPS LN Equity	SKANDIA GBL PPRT SECS	Skandia Investment Magement	871	OEIC	GBP	Global	GB
WIPGREA LX Equity	WWIDE INV PORT-GLOB RE ES-A\$	Pramerica Worldwide Investors	800	SICAV	USD	Global	LU
MSGRESA ID Equity	MSMM-GLBL REAL ESTATE S-A	MSMM Funds PLC/Ireland	795	Open-End Fund	USD	Global	IE
RRGAX US Equity	DWS RREEF GLB REAL EST SEC-A	DWS Scudder Funds/USA	786	Open-End Fund	USD	Global	US
RUSIPSA AU Equity	RUSSELL INTL PROP SEC-SA-A	Russell Investment Magement	738	Unit Trust	AUD	Global	AU
CWICGPS AU Equity	CFST FCWI-COLLIERS INTL PROP	Colonial First State - FirstCh	731	Unit Trust	AUD	Global	AU
SCHGPSI LN Equity	SCHRODER GLB PRPTY SEC-INC	Schroder Unit Trusts Ltd/Unite	721	Unit Trust	GBP	Global	GB
AGREX US Equity	AIM GLOBAL REAL ESTATE FD-A	AIM Funds/USA	673	Open-End Fund	USD	Global	US
AAHIP NA Equity	ABN AMRO HIGH INCOME PROPERT	ABN AMRO Funds/Netherlands	648	Open-End Fund	EUR	Global	NL
DEUGEAP AU Equity	DEUTSCHE-RREEF GL EX-AU PROP	Deutsche Asset Magement Aust	603	Unit Trust	AUD	Global	AU
EIIPX US Equity	EII INTERTIOL PROPERTY-I	EII Funds/USA	578	Open-End Fund	USD	Global	US
MFLPROP NZ Equity	MFL PROPERTY FUND	ING Funds Magement Ltd/New Z	576	Unit Trust	NZD	Global	NZ
MRLAX US Equity	MORGAN STANLEY INS GLBL RE-A	Morgan Stanley Institutiol F	549	Open-End Fund	USD	Global	US
03311076 JP Equity	MUFJ EUROPE AU REIT FUND-MD	Mitsubishi UFJ Asset Magemen	547	Fund of Funds	JPY	Global	JP
RWF US Equity	COHEN & STEERS WORLDW REA IN	Cohen & Steers Funds/Closed-en	536	Closed-End Fund	USD	Global	US
HHGPEA1 LX Equity	HENDERSON HOR-G PROP EQTY-A1	Henderson Horizon Funds/Luxemb	474	Open-End Fund	USD	Global	LU
FRIFX US Equity	FIDELITY REAL ESTATE INCOME	Fidelity Funds/USA	466	Unit Trust	USD	Global	US
SEBREEG GR Equity	SEB REAL ESTATE EQUITY GLOBL	SEB Invest GmbH/Germany	421	Open-End Fund	EUR	Global	DE
PERGPST AU Equity	PERENNIAL INST-GL PROP SEC	Perennial Investment Partners	405	Unit Trust	AUD	Global	AU
SCHGPEA LX Equity	SCHRODER INTL GL PR SC-A =AC	Schroder Intertiol Selecti	387	SICAV	EUR	Global	LU
SCHGPSA LX Equity	SCHRODER INTL GL PR SC-A AC	Schroder Intertiol Selecti	387	SICAV	USD	Global	LU
PURAX US Equity	DRYDEN GLOBAL REAL EST FND-A	Strategic Partners Funds/USA	383	Open-End Fund	USD	Global	US
KPR9023 BB Equity	KBC PRIVILEGED PORT REAL -C	KBC Asset Magement SA/Belgiu	353	SICAV	EUR	Global	BE
INGWGPR AU Equity	ING IM-WHL GL PROPERTY SEC-W	ING Investment Magement/Aust	353	Unit Trust	AUD	Global	AU
CSPRFTR GR Equity	CS PORTFOLIOREAL-A	Credit Suisse Asset Magement	351	Open-End Fund	EUR	Global	DE
UCIFGRA SW Equity	UBS CH INST-GL RL EST SEC-A	UBS CH Institutiol Funds/Swi	341	Open-End Fund	CHF	Global	CH
GLBPROI ID Equity	GLOBAL PROPERTY FUND	European Investors Inc/New Yor	331	Open-End Fund	EUR	Global	IE
AREAX US Equity	ALLIANCEBERNSTEIN GLBL RE-A	Alliance Funds/USA	320	Open-End Fund	USD	Global	US
FIGLOPA LX Equity	FIDELITY FDS-GLOBAL PROP-AGBP	Fidelity Funds/Luxembourg	317	SICAV	GBP	Global	LU
SWAIX US Equity	SCHWAB GLOBAL REAL ESTATE-IN	Schwab Funds/USA	305	Open-End Fund	USD	Global	US
STRAGRU GR Equity	STRATEGO GRUND	Landesbank Berlin Investment G	302	Open-End Fund	EUR	Global	DE
DGRPX US Equity	DELAWARE POOLED TR GLB RE	Delaware Group Funds/USA	296	Open-End Fund	USD	Global	US
FHEAX US Equity	FIDELITY ADV REAL ESTATE-A	Fidelity Funds/USA	285	Open-End Fund	USD	Global	US
SMGRESA LN Equity	SWIP MM GL REAL ESTATE S N A	Scottish Widows Investment Par	270	OEIC	GBP	Global	GB
AMGLPEQ MK Equity	AMGLOBAL PROPERTY EQUITIES	AmInvestment Services Berhad/M	265	Unit Trust	MYR	Global	MY
IRGIX US Equity	ING GLOBAL REAL ESTATE PT-I	ING Funds/USA	260	Open-End Fund	USD	Global	US
INGRESA ID Equity	INVESCO GLB REAL EST SEC-A I	INVESCO Series/Ireland	254	Open-End Fund	USD	Global	IE
SCREX US Equity	SUN CAPITAL REAL ESTATE FD	Sun Capital Funds/USA	246	Open-End Fund	USD	Global	US
SARREEA LX Equity	SARASIN REAL ESTATE EQ GLB-A	Sarasin Investmentfonds SICAV/	241	SICAV	EUR	Global	LU
MUWRECCL CN Equity	MACKENZIE UN WLD REAL ES C-A	Mackenzie Fincial Corp/Cad	237	Open-End Fund	CAD	Global	CA
DFITX US Equity	DFA INTL REAL ESTATE SEC PTF	DFA Dimensiol Funds/USA	236	Open-End Fund	USD	Global	US
IAMIMSC SW Equity	IAM IMMO SECURITIES FUND	Julius Baer Investment Funds S	234	Open-End Fund	CHF	Global	CH
CROSIMB FP Equity	VICTOIRE VALEURS IMMOBILIERE	Aviva Gestion d'Actifs/France	234	SICAV	EUR	Global	FR
CPIGDAC LX Equity	CITI PROP INV-GL DVRS-A\$-ACC	Citigroup Property Investors R	232	SICAV	USD	Global	LU
CPIGDIE LX Equity	CITI PROP INV-GL DVRS-I=-ACC	Citigroup Property Investors R	232	SICAV	EUR	Global	LU
OHOG Equity	OHRA ONROEREND GOED FONDS	OHRA Fund Asset Magement	227	Open-End Fund	EUR	Global	NL
SARPRYA GU Equity	SARASIN CI REAL EST EQTY-GBP	Sarasin Funds Magement Ltd/G	224	Open-End Fund	GBP	Global	GG
FSVLX US Equity	FIDELITY SELECT HOME FINCE	Fidelity Funds/USA	193	Open-End Fund	USD	Global	US
FGGABSG TT Equity	FGIT GLOBAL ABS FUND-G	First Global Investment Trust	188	Unit Trust	TWD	Global	TW
DEUGLPS AU Equity	DEUTSCHE-RREEF GLB PROP SEC	Deutsche Asset Magement Aust	187	Unit Trust	AUD	Global	AU
IGRE LN Equity	ING GLOBAL REAL ESTATE SECS	ING Real Estate Investment Man	175	Closed-End Fund	GBP	Global	GG
RGCGPED LX Equity	ROBECO PROPERTY EQUITIES=-D	Robeco Asset Magement/Luxemb	170	SICAV	EUR	Global	LU
KEMPEPH KY Equity	KEMPEN PROPERTY HEDGE FUND-B	Kempen Capital Management NV/N	162	Unit Trust	EUR	Global	KY
DBGLES LX Equity	DB RREEF GL REAL ESTATE SEC	DWS Investment SA	159	FCP	EUR	Global	LU
AMPCPEA AU Equity	AMP WHL-CORE PROPERTY FUND-A	AMP Capital Investors Wholesal	158	Unit Trust	AUD	Global	AU
UBSREBA LX Equity	UBS LUX-GBL REAL EST SECU-BA	UBS Lux Institutiol Fund/Lux	155	SICAV	USD	Global	LU
KBS2677 BB Equity	KBC SELECT IMMO WORLD PLUS	KBC Asset Magement SA/Belgiu	152	SICAV	EUR	Global	BE



Figure 1: Global Property - EPRA/AME Capital Ltd		Global Property Securities Funds - October 2007					
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
VANIPSH AU Equity	VANGUARD INTL PROP SEC IDX H	Vanguard Investments Ltd/Austr	150	Unit Trust	AUD	Global	AU
FOCGLRE LX Equity	F&C PORT FD-GLOB REAL EST-A=	F&C Portfolios Fund/Luxembourg	150	SICAV	EUR	Global	LU
PRIFPRA LX Equity	LCF ROTH PRIFUND-ALPHA PR-A=	LCF Edmond De Rothschild Prifu	149	SICAV	EUR	Global	LU
JIREX US Equity	JOHN HANCOCK II-REAL EST-1	John Hancock Funds/USA	146	Open-End Fund	USD	Global	US
PEARREU KY Equity	PENGANA ABS RTN REAL EST-USD	Pengana Capital Real Estate In	145	Open-End Fund	USD	Global	KY
NMRE NA Equity	ING ONROEREND GOED AANDELEN	ING Bank NV/The Netherlands	139	Open-End Fund	EUR	Global	NL
INVGLPS AU Equity	INVESCO WHL-GL PROPERTY SEC	INVESCO Australia Ltd/Australi	135	Unit Trust	AUD	Global	AU
POSTVRE Equity	POSTBANK VASTGOED FONDS	Postbank NV/The Netherlands	133	Open-End Fund	EUR	Global	NL
FOYGPB BH Equity	FORSYTH GLOBAL PROPERTY-\$	Forsyth Partners Ltd/United Ki	120	Fund of Hedge Funds	USD	Global	BM
DBSGLPR SP Equity	DBS GLOBAL PRPTY SECS - S\$	DBS Asset Magement Ltd/Singa	109	Unit Trust	SGD	Global	SG
KHREALE HB Equity	K & H REAL ESTATE FUND	K & H Ertekipapir Befektetesi A	105	Fund of Funds	HUF	Global	HU
SEBYEIN NO Equity	SEB BYGG EIENDOM SE	SEB Forvaltning SE/Norway	104	Open-End Fund	NOK	Global	NO
INVGLAA HK Equity	INVESCO GLOBAL LM INCOME A-A	INVESCO Asia Ltd/Hong Kong	101	Unit Trust	USD	Global	HK
INVAGLI HK Equity	INVESCO GLOBAL LM INCOME C-A	INVESCO Asia Ltd/Hong Kong	101	Unit Trust	USD	Global	HK
ARFCX US Equity	ASTON ABN AMRO REAL ESTATE-N	Aston Asset Magement/USA	90	Open-End Fund	USD	Global	US
79311067 JP Equity	S MITSUI GL REAL ESTATE F-BM	Sumitomo Mitsui Asset Mageme	89	Fund of Funds	JPY	Global	JP
HGPC LN Equity	HENDERSON GLOBAL PROPERTY CO	Henderson Global Investors Ltd	89	Investment Trust	GBP	Global	GG
BTGPROP AU Equity	BT WHL GLOBAL PROPERTY SECUR	BT Funds Magement Ltd/Austra	87	Unit Trust	AUD	Global	AU
VAMPROP IO Equity	VAM-PROPERTY	VAM Funds/Isle of Man	80	Open-End Fund	GBP	Global	IM
BGGINMG SM Equity	BG GESTION INMOBILIARIA G	Guipuzcoano SGIIC SA/Spain	78	Fund of Funds	EUR	Global	ES
HGLOPRO MK Equity	HWANGDBS GLOBAL PROPERTY FD	HwangDBS Investment Magement	75	Unit Trust	MYR	Global	MY
FGREUAD LX Equity	FRANK TP GL RLES \$-A QDIS\$	Franklin Templeton Investment	74	SICAV	USD	Global	LU
HENPRPE SP Equity	HENDERSON GLOBAL PROPERTY EQ	Henderson Global Investors Sin	73	Unit Trust	SGD	Global	SG
GUBGGIG2 SM Equity	BG GESTION INMOBILIARIA G 2	Guipuzcoano SGIIC SA/Spain	72	Fund of Funds	EUR	Global	ES
JPMGPFI KY Equity	JPM GLOBAL PROPERTY INCOME	JF Funds Ltd/Hong Kong	71	Open-End Fund	USD	Global	KY
UBSIESW SW Equity	UBS INV FNDTN FOREIGN REAL E	UBS Investment Foundation	71	Open-End Pension	CHF	Global	CH
PREAX US Equity	UBS PACE GLOBAL REAL EST-A	UBS Funds/USA	71	Open-End Fund	USD	Global	US
CFSCGPS AU Equity	CFST FCPS-COLLIERIS INTL PROP	Colonial First State - FirstCh	68	Open-End Fund	AUD	Global	AU
SMSGLPR LX Equity	SANPAOLO MGR SEL - GLO PRO-R	Sanpaolo Manager Selection Fun	67	Open-End Fund	EUR	Global	LU
LIOTRIM FP Equity	DYLION IMMOBILIER	Credit Agricole Asset Mageme	66	FCP	EUR	Global	FR
CFICGPS AU Equity	CFST FCI-COLLIERIS INTL PROP	Colonial First State - FirstCh	66	Unit Trust	AUD	Global	AU
JMGLPRO AV Equity	MEINL GLOBAL PROPERTY FUND	Julius Meinl Investment GmbH/A	61	Open-End Fund	EUR	Global	AT
AGFGREEQ CN Equity	AGF GL REAL ESTATE EQ CL-MF	AGF Funds Inc/Cada	58	Open-End Fund	CAD	Global	CA
GLPROPA AV Equity	CONSTANTIA GLOBAL PROPERTY-A	CPB KAGmbH/Austria	57	Fund of Funds	EUR	Global	AT
SARRESB LX Equity	SARASIN RL EST EQUITY-IIID B	Sarasin Investmentfonds SICAV/	57	Open-End Fund	EUR	Global	LU
RRGSICU LX Equity	RREEF GLB REAL ESTATE-IC\$	DWS Investment SA	56	SICAV	USD	Global	LU
INGGRPC LX Equity	ING (L) INV GLOB REAL ES-PC=	ING L Invest/Luxembourg	56	SICAV	EUR	Global	LU
IXGRUIC LX Equity	TIXIS AEW GLB RL EST-IC\$	TIXIS Intertiol Funds/Lu	56	SICAV	USD	Global	LU
CWSCGPS AU Equity	CFST FCWS-COLLIERIS INTL PROP	Colonial First State - FirstCh	53	Open-End Fund	AUD	Global	AU
INGGLRE MK Equity	ING GLOBAL REAL ESTATE FUND	ING Funds Bhd	52	Open-End Fund	MYR	Global	MY
UBSGLPS AU Equity	UBS IF-GLOBAL PROPERTY SEC	UBS Global Asset Magement Lt	51	Unit Trust	AUD	Global	AU
CRESGPA ID Equity	CRESENT-GLB PROPERTY EQUITY	Crescent Global Investment Fun	48	OEIC	USD	Global	IE
CFPCGPS AU Equity	CFST FCP-COLLIERIS INTL PROP	Colonial First State - FirstCh	46	Open-End Pension	AUD	Global	AU
JPGPSAI LN Equity	JPMORGAN GL PRPTY SEC A-INC	JPMorgan Asset Magement UK L	45	OEIC	GBP	Global	GB
DBIMFLX GR Equity	DB IMMOFLEX	DWS Investment GmbH/Germany	43	SICAV	EUR	Global	DE
RRGIICU LX Equity	RREEF GLB REAL EST INC-IC\$	DWS Investment SA	42	SICAV	USD	Global	LU
HSBCPSO LX Equity	PROPERTY STOCKS OPPORTUNITY	HSBC Trinkaus Investment Mag	41	FCP	EUR	Global	LU
CWPCGPS AU Equity	CFST FCWP-COLLIERIS INTL PROP	Colonial First State - FirstCh	41	Open-End Pension	AUD	Global	AU
IMMOPLP AV Equity	IMMO PLUS PORTFOLIO	Gutmann KAG/Austria	41	Open-End Fund	EUR	Global	AT
FIDGLPS AU Equity	FIDELITY GLOBAL PROPERTY SEC	Fidelity Investments Australia	40	Unit Trust	AUD	Global	AU
EUSECIN SM Equity	EUROVALOR SECTOR INMOBILIARI	Sogeval SA SGIIC/Spain	40	Open-End Fund	EUR	Global	ES
ABNHIGP AU Equity	ABN AMRO-HIGH INC GLB PROP S	ABN AMRO Asset Magement Aust	36	Unit Trust	AUD	Global	AU
ENGPPTU ID Equity	ENOVARA-GL PRO 80% PROT-USD	Enovara PLC/Ireland	36	Open-End Fund	USD	Global	IE
EURREQ ID Equity	EUROMOBILIARE REAL ESTATE EQ	Euromobiliare Asset Magement	33	Open-End Fund	EUR	Global	IT
FSIGPRI SP Equity	FIRST STATE GLOBAL PTY - S\$	First State Investments/Singap	32	Unit Trust	SGD	Global	SG
JIRAX US Equity	JPMORGAN INTERTIOL RE-A	JP Morgan Funds/USA	32	Open-End Fund	USD	Global	US
WDGAX US Equity	WELLS DOW JONES WILSHIRE-A	Wells Family of Real Estate Fu	31	Open-End Fund	USD	Global	US



By: Fraser Hughes EPRA & Alex Moss AME Capital

Figure 1: Global Property - EPRA/AME Capital Ltd				Global Property Securities Funds - October 2007			
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
CEBGPUA MV Equity	CELSIUS-BAR GLB PROP USA-A	Celsius Global Funds SICAV PLC	31	SICAV	USD	Global	MT
FIMREST FH Equity	FIM REAL ESTATE FUND	FIM Fund Magement Ltd/Finlan	30	Open-End Fund	EUR	Global	FI
EIG AU Equity	EUROPEAN INV GLB PROPERTY TR	Macquarie Investment Magemen	30	Closed-End Fund	AUD	Global	AU
RBHOG Equity	ROBECO HOOG DVD ONROEREND GO	Robeco Asset Magement	30	Open-End Fund	EUR	Global	NL
UOBUGRS SP Equity	UOB UNITED GLB REAL EST SECS	UOB Asset Magement Ltd/Singa	30	Unit Trust	SGD	Global	SG
STINPRA SJ Equity	STANLIB INTL PROPERTY FUND A	STANLIB Collective Investments	29	Unit Trust	ZAr	Global	ZA
BTIFGPR AU Equity	BT IF-BT GLOBAL PROPERTY	BT Funds Magement Ltd/Austra	28	Unit Trust	AUD	Global	AU
CEBGPAE FP Equity	CELSIUS-BAR GLB PROP EUR-A	Celsius Global Funds SICAV PLC	28	SICAV	EUR	Global	MT
VALIMMO MV Equity	VALMY IMMO	Fortis Investments/France	27	FCP	EUR	Global	FR
GPFWRLD LE Equity	GLOBAL PROPERTY WORLD	IFAG Institutionelle Fondsleit	27	Fund of Funds	CHF	Global	LI
AGRNX US Equity	ASTON/ABN AMRO GLB REAL ES-N	Aston Asset Management/USA	22	Open-End Fund	USD	Global	US
JPGREXA LX Equity	JPMORGAN F-GLOBAL RE ES-X\$-A	JPMorgan Funds/Luxembourg	21	SICAV	USD	Global	LU
JPMGESA LX Equity	JPMORGAN F-GL RE ES SE-A--A	JPMorgan Funds/Luxembourg	21	SICAV	EUR	Global	LU
SFPCLSR KY Equity	SFPC LONG/SHORT REAL ESTATE	Swiss Finance & Property Corp/	19	Open-End Fund	EUR	Global	KY
SMIVLRE GR Equity	SMART-INVEST LQ RE ESTATE AR	Universal-Investment-GmbH/Germ	17	Fund of Hedge Funds	EUR	Global	DE
RPGREAL GR Equity	RP GLOBAL REAL ESTATE	Oppenheim KAGmbH/Germany	17	Open-End Fund	EUR	Global	DE
ICRAX US Equity	TA IDEX CLA GL REAL ES SEC-A	IDEX Funds/USA	16	Open-End Fund	USD	Global	US
CSGLREI LX Equity	COHEN & STEERS-GLOBAL R/E-I	Cohen & Steers Sicav/Luxembour	16	SICAV	USD	Global	LU
VANIPSI AU Equity	VANGUARD INTL PROP SEC IDX	Vanguard Investments Ltd/Austr	16	Unit Trust	AUD	Global	AU
UBSERBA LX Equity	UBS LUX INST-EUR REAL EST-BA	UBS Lux Institutiol Fund/Lux	15	SICAV	EUR	Global	LU
BBVAIMB PL Equity	BBVA IMOBILIARIO - FEI	BBVA GEST SGFIM SA/Portugal	14	Open-End Fund	EUR	Global	PT
GPFEMRG LE Equity	GLOBAL PROPERTY EMERGING MKT	IFAG Institutionelle Fondsleit	13	Fund of Funds	CHF	Global	LI
GGREITX MP Equity	GINSGLOBAL REAL ESTATE INDX=	GinsGlobal Index Funds Mauriti	13	Open-End Fund	EUR	Global	MU
CSGLLPR AU Equity	COHEN&STEERS GL LISTED PROP	Cohen & Steers Capital Magem	12	Unit Trust	AUD	Global	AU
BBKGR3 SM Equity	BBK REAL ESTATE MUNDIAL	BBK Gestion SA SGIIIC/Spain	12	Fund of Funds	EUR	Global	ES
CSGEALP AU Equity	COHEN&STEERS GL EX AU L PROP	Cohen & Steers Capital Magem	11	Unit Trust	AUD	Global	AU
AMPCSFU AU Equity	AMP FLS-FUT DIR PROPERTY	AMP Flexible Lifetime Super &	11	Fund of Funds	AUD	Global	AU
LGSTINP FP Equity	STRATEGIE INDICE PIERRE	Legal & General/France	11	FCP	EUR	Global	FR
NEFIMMR LX Equity	NORD EST FUND-IMMOBILIARE-R	Nord Est Fund/Luxembourg	11	Open-End Fund	EUR	Global	LU
NBGLX US Equity	NEUBERGER BERMAN GLO REAL-IN	Neuberger Berman Funds/USA	10	FCP	USD	Global	US
IMOVEST PL Equity	IMOVEST	Santander Gestao de Activos -	10	Open-End Fund	EUR	Global	PT
MSIREA ID Equity	MARRIOTT-INTL REAL ESTATE	Marriott Singer Investment Fun	10	Open-End Fund	USD	Global	IE
PIFGPSU ID Equity	PRINCIPAL GLB-GLB PR-IS ACC\$	Principal Global Investors Fun	9	Open-End Fund	USD	Global	US
UMREX US Equity	EXCELSIOR REAL ESTATE FUND	Excelsior Funds/USA	9	Open-End Fund	USD	Global	US
IPIGPSE AU Equity	ING OAIP-ING GLB PROP SEC-E	ING OneAnswer Investment Portf	8	Unit Trust	AUD	Global	AU
DAVDREA LX Equity	DAVIS SICAV-DAVIS REAL EST-A	Davis Funds SICAV/Luxembourg	8	SICAV	USD	Global	LU
CAICASM SM Equity	CAIXA CATALU SECT INM	Caixa Catalunya Gestio SGIIIC S	8	Fund of Funds	EUR	Global	ES
RMBGPAU LX Equity	RMB MM SICAV-GLOB PROP-A\$	RMBI Multimanager SICAV/Luxemb	7	SICAV	USD	Global	LU
CAMFCON SM Equity	CAM F CONSTRUCCION	Gestora de Fondos del Mediterr	7	Open-End Fund	EUR	Global	ES
EPGLREFU CN Equity	MANULIFE GLBL REAL ESTATE-A	Elliott & Page Funds/Cada	7	Open-End Fund	CAD	Global	CA
MACGPFU AU Equity	MACQUARIE GLB PROP-UNHEDGED	Macquarie Investment Magemen	5	Unit Trust	AUD	Global	AU
JBREAMA LX Equity	JB SP FDS-REAL ESTATE AMER-A	Julius Baer Luxembourg SA/Luxe	5	SICAV	USD	Global	LU
BTEBGLP AU Equity	BT LS EMP-BT GLOBAL PROPERTY	BT - Lifetime Super - Employer	5	Open-End Fund	AUD	Global	AU
LEGLREL ID Equity	LEHMAN BRO GL REAL EST-\$INSA	Lehman Brothers Alpha Fund PLC	5	Unit Trust	USD	Global	IE
CELGREA ID Equity	CELSIUS-GL REAL ESTATE-A	Celsius Funds PLC/Ireland	5	Open-End Fund	EUR	Global	IE
TRENDIE LX Equity	TRENDCONCEPT IMMO EQUITY-B	TrendConcept Fund SA/Luxembour	5	FCP	EUR	Global	LU
SAAGLPS NZ Equity	SOVEREIGN AAIP-GL PROPERTY SH	Sovereign Superannuation Trust	4	Unit Trust	NZD	Global	NZ
LLBAIGP LE Equity	LLB AKTIEN IMMO GLB CHF-P	LLB Fondsleitung AG/Liechtenst	3	Open-End Fund	CHF	Global	LI
DLRIX US Equity	DELAWARE GLOBAL REAL EST-I	Delaware Group Funds/USA	3	Unit Trust	USD	Global	US
STREFRE KY Equity	STRATEGIC EQUITY-REAL ESTATE	Lyxor Asset Magement/France	3	Unit Trust	USD	Global	KY
MACGPFH AU Equity	MACQUARIE GLB PROP-HEDGED	Macquarie Investment Magemen	3	Unit Trust	AUD	Global	AU
MMGREAA LN Equity	SWIP MM-GBL REAL EST A-ACC	Scottish Widows Investment Par	3	OEIC	GBP	Global	GB
VACCI AU Equity	VIGATOR ACC-CFS C INTL PRP	vigator Australia Ltd/Austra	2	Unit Trust	AUD	Global	AU
MARGRES SJ Equity	MARRIOTT GLOBAL REAL ESTATE	Marriott Unit Trust Magement	2	Unit Trust	ZAr	Global	ZA
47313071 JP Equity	DLIBJ DIAM WRD REIT OPEN WRP	DLIBJ Asset Magement Co Ltd/	2	Fund of Funds	JPY	Global	JP
MGLREST SM Equity	MADRID GLOBAL REAL ESTATE	Gesmadrid SA SGIIIC/Spain	2	Fund of Funds	EUR	Global	ES
AEGVAIN NA Equity	AEGON WERELDWIJ VASTGOED FN	AEGON Investment Magement BV	2	Open-End Fund	EUR	Global	NL



Figure 1: Global Property - EPRA/AME Capital Ltd		Global Property Securities Funds - October 2007					
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
OMSPINN GU Equity	OMGB-SPINKER USD	Old Mutual Guernsey/Guernsey	1	Open-End Pension	USD	Global	GG
DWSRT80 LX Equity	DWS FLEXPOTIT REIT 80	DWS FlexProfit/Luxembourg	1	Unit Trust	EUR	Global	LU
RASREOA KY Equity	RASMALA GL REAL ESTATE OPP-A	Rasmala Investment Ltd/UAE	1	Fund of Funds	USD	Global	KY
OASPROP SJ Equity	OASIS PROPERTY EQUITY FUND	Oasis Crescent Magement Co L	1	Unit Trust	ZAr	Global	ZA
INGGREF MM Equity	ING GLOBAL REAL ESTATE-A	ING Investment Magement SA d	1	Open-End Fund	MXN	Global	MX
GGOFGLRM CN Equity	GGOF GLOBAL REAL ESTATE-MUT	Guardian Group of Funds Ltd/Ca	1	Open-End Fund	CAD	Global	CA
RGTOGPR GU Equity	RGTO GLOBAL PROPERTY FUND	Global Mutual Fund PCC Ltd/Gue	1	Unit Trust	USD	Global	GG
MGPPOAC LN Equity	MARGETTS GREYSTONE PROP-ACC	Margetts Fund Management Ltd/U	1	Open-End Fund	GBp	Global	GB
FONDGRE SM Equity	FONDO GRE	Santander Asset Magement SA	0	Open-End Fund	EUR	Global	ES
TEMREIT SP Equity	FTF GLOBAL REAL ESTATE FUND	Templeton Asset Management Ltd	0	Unit Trust	SGD	Global	SG
OASGIGE ID Equity	OASIS-GLB PROPERTY EQUITY	Oasis Global Investment Fund I	0	Closed-End Fund	USD	Global	IE
ALLGLDP MK Equity	ALLIANCE GLOBAL DIV PROPERTY	Alliance Investment Management	N.A.	SICAV	MYR	Global	MY
ARINPRS GU Equity	ARASBRIDGE INTERN PROP SOL=	Aras Investment Management Ltd	N.A.	SICAV	EUR	Global	GU
CFICGGP AU Equity	CFST FCI-COLLIER GRD GL PRP	Colonial First State - FirstCh	N.A.	Open-End Fund	AUD	Global	AU
CFIFCGP AU Equity	CFST FCI-FC GLOBAL PROP SEC	Colonial First State - FirstCh	N.A.	SICAV	AUD	Global	AU
JYGLEJD DC Equity	JYSKE INV GLOB EJENDOMSAKTIE	Jyske Invest International/Den	N.A.	Unit Trust	DKK	Global	DK
JIGREEQ DC Equity	JYSKE INVEST GLO REAL EST EQ	Jyske Invest International/Den	N.A.	FCP	EUR	Global	DK
VDHKALP LX Equity	VDHEYDT KRSTN ALL PROPERTIES	von der Heydt Kersten Invest S	N.A.	Open-End Fund	EUR	Global	LU
Total			60.515				

Figure 2: Global REITs - EPRA/AME Capital Ltd		Global REIT Funds - October 2007					
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
01312052 JP Equity	NOMURA GLOBAL REIT OPEN	Nomura Asset Magement Co Ltd	5.761	Fund of Funds	JPY	Global REIT	JP
47311044 JP Equity	DLIBJ DIAM WORLD REIT INCM	DLIBJ Asset Magement Co Ltd/	4.275	Fund of Funds	JPY	Global REIT	JP
2492501 KS Equity	MAQ-IMM GLOBAL REITS FOFs	Goldman Sachs Asset Management	1.348	Unit Trust	KRW	Global REIT	KR
02311041 JP Equity	NIKKO AMP GLBL REIT FD MD A	Nikko Asset Magement Co Ltd/	1.149	Open-End Fund	JPY	Global REIT	JP
11311047 JP Equity	KOKUSAI WORLD REIT OPEN MDVD	Kokusai Asset Magement Co Lt	1.121	Open-End Fund	JPY	Global REIT	JP
79311041 JP Equity	SUMITOMO M GLOBAL REIT OPEN	Sumitomo Mitsui Asset Mageme	903	Open-End Fund	JPY	Global REIT	JP
04312056 JP Equity	DAIWA GLOBAL REIT OPEN	Daiwa Asset Magement Co Ltd/	809	Open-End Fund	JPY	Global REIT	JP
47311066 JP Equity	DLIBJ DIAM WORLD REIT I F MD	DLIBJ Asset Magement Co Ltd/	575	Open-End Fund	JPY	Global REIT	JP
09311051 JP Equity	NIPPON GLOBAL REIT SELECT	Japan Investment Trust Magem	538	Fund of Funds	JPY	Global REIT	JP
03311076 JP Equity	MUFJ EUROPE AU REIT FUND-MD	Mitsubishi UFJ Asset Managemen	502	SICAV	JPY	Global REIT	JP
POGREIT TT Equity	POLARIS GLOBAL REITS FUND-B	Polaris Securities Investment	418	Open-End Fund	TWD	Global REIT	TW
79312067 JP Equity	S MITSUI GLOBAL REIT PLUS	Sumitomo Mitsui Asset Mageme	413	Fund of Funds	JPY	Global REIT	JP
PCAREIA TT Equity	PCA GLOBAL REIT FUND-A	PCA Securities Investment Trus	276	Unit Trust	TWD	Global REIT	TW
02313043 JP Equity	NIKKO LASALLE GLOBAL REIT FD	Nikko Asset Magement Co Ltd/	260	Open-End Fund	JPY	Global REIT	JP
09312039 JP Equity	NIPPON WORLD REIT SELECT US	Japan Investment Trust Magem	257	Fund of Funds	JPY	Global REIT	JP
04313066 JP Equity	DAIWA RESO WRD REIT FUND	Daiwa Asset Magement Co Ltd/	249	Unit Trust	JPY	Global REIT	JP
3676114 KS Equity	PRU GLOBAL REITS FOF 1-I	Prudential Asset Management Co	229	Open-End Fund	KRW	Global REIT	KR
35311072 JP Equity	GS GLOBAL REIT PORTFOLIO MD	Goldman Sachs Asset Magement	226	Fund of Funds	JPY	Global REIT	JP
3614542 KS Equity	HANWHA LASLL GLB REITS-1A2	Hanwha Investment Trust Manage	212	Unit Trust	KRW	Global REIT	KR
3556826 KS Equity	HANWHA LASALLE GLB REITS FFS	Hanwha Investment Trust Manage	206	Unit Trust	KRW	Global REIT	KR
SLGRACE LX Equity	STAND LIFE-GLB REIT FCS-AC=	Standard Life Investments Glob	157	SICAV	EUR	Global REIT	LU
47312075 JP Equity	DIAM WORLD REIT ACTIVE F-MD	DLIBJ Asset Magement Co Ltd/	131	Fund of Funds	JPY	Global REIT	JP
79311046 JP Equity	SUMITOMO M GLBL REIT 3M DVD	Sumitomo Mitsui Asset Mageme	115	Unit Trust	JPY	Global REIT	JP
AVGLRP1 LX Equity	AVIVA MOR-GLOBAL REIT-B=	Aviva Funds SICAV/Luxembourg	102	SICAV	EUR	Global REIT	LU
FGREIAA LN Equity	FRANKLIN GLBL REIT FND-A-ACC	Franklin Templeton Investment	101	SICAV	GBp	Global REIT	GB
02314054 JP Equity	NIKKO GLOBAL REIT PORTFOLIO	Nikko Asset Magement Co Ltd/	84	Fund of Funds	JPY	Global REIT	JP
INGREIT TT Equity	ING GLOBAL REITS FUND	ING Securities Investment & Tr	83	Unit Trust	TWD	Global REIT	TW
CELGREI FH Equity	CELERES GLOBAL REIT FUND	Celeres Fund Magement/Finlan	82	Unit Trust	EUR	Global REIT	FI
0431905B JP Equity	DAIWA GLOBAL REIT FUND - SMA	Daiwa Asset Magement Co Ltd/	82	Fund of Funds	JPY	Global REIT	JP
FUBREIT TT Equity	FUBON GLOBAL REIT FUND	Fubon Securities Investment Tr	48	Open-End Fund	TWD	Global REIT	TW
0131A059 JP Equity	NOMURA WORLD REIT FUND B SMA	Nomura Asset Management Co Ltd	32	Fund of Funds	JPY	Global REIT	JP
22313072 JP Equity	SMBC FUND WRAP - G-REIT	Daiwa SB Investment Ltd/Japan	29	Open-End Fund	JPY	Global REIT	JP
02311045 JP Equity	NIKKO WORLD REIT FUND	Nikko Asset Magement Co Ltd/	15	Open-End Fund	JPY	Global REIT	JP



By: Fraser Hughes EPRA & Alex Moss AME Capital

Figure 2: Global REITs - EPRA/AME Capital Ltd

Global REIT Funds - October 2007							
TICKER CODE	FUND NAME	FUND MANAGEMENT CO	AUM US \$m	Fund Type	Fund Currency	Mandate	Fund Domicile
0131706A JP Equity	NOMURA FW WORLD REIT A	Nomura Asset Magement Co Ltd	14	Fund of Funds	JPY	Global REIT	JP
01319059 JP Equity	NOMURA WORLD REIT FUND A SMA	Nomura Asset Magement Co Ltd	14	Fund of Funds	JPY	Global REIT	JP
79311064 JP Equity	SUMITOMO M GLOBAL REIT OP YD	Sumitomo Mitsui Asset Mageme	12	Unit Trust	JPY	Global REIT	JP
02311047 JP Equity	NIKKO AMP GLOBAL REIT FUN 6M	Nikko Asset Magement Co Ltd/	11	Unit Trust	JPY	Global REIT	JP
5695807 KS Equity	SAMSUNG GLOBAL REITS FOF-1	Samsung Investment Trust Manag	11	Open-End Fund	KRW	Global REIT	KR
02313063 JP Equity	NIKKO AMP GLBL REIT FD MD B	Nikko Asset Magement Co Ltd/	7	Open-End Fund	JPY	Global REIT	JP
22313077 JP Equity	GLOBAL REIT INCOME FUND	Daiwa SB Investment Ltd/Japan	2	SICAV	JPY	Global REIT	JP
08311066 JP Equity	MHAM AMP GLOBAL REIT F SMA	Mizuho Asset Magement Co Ltd	2	Fund of Funds	JPY	Global REIT	JP
02311046 JP Equity	NIKKO ING GLOBAL INCM REIT	Nikko Asset Magement Co Ltd/	1	Fund of Funds	JPY	Global REIT	JP
09311075 JP Equity	JIT GLOBAL REIT FUND - SMA	Japan Investment Trust Managem	1	Unit Trust	JPY	Global REIT	JP
04313058 JP Equity	DC DAIWA GLOBAL REIT IDX FND	Daiwa Asset Magement Co Ltd/	0	Unit Trust	JPY	Global REIT	JP
09312062 JP Equity	NIPPON DC GLOBAL REIT SELECT	Japan Investment Trust Managem	0	Open-End Fund	JPY	Global REIT	JP
HIGREIT GR Equity	HI GLOBAL REIT	HANSAINVEST GmbH	0	FCP	EUR	Global REIT	DE
1709477 KS Equity	MIRAE GLO DISCVRY REIT FOF1	Mirae Asset Investment Managem	0	Unit Trust	KRW	Global REIT	KR
CAPRIZA TT Equity	CAPITAL GLOBAL REIT BAL - A	Capital Securities Investment	N.A.	Open-End Fund	TWD	Global REIT	TW
NTREITA TT Equity	NITC GLOBAL REITS FUND A	National Investment Trust Co L	N.A.	Open-End Fund	TWD	Global REIT	TW
POLGREU KY Equity	POLARIS SEL FDS-GLOB REIT\$SP	Polaris Securities/Hong Kong	N.A.	SICAV	USD	Global REIT	KY
REITINV GR Equity	UNIREITS-REIT-INVEST	Union Investment Privatfonds G	N.A.	Open-End Fund	EUR	Global REIT	DE
Total			20.863				

Figure 3: Property Securities Funds October 2007

MANDATE	Monthly return for October %	YTD return to October %	12 month return to October %	Sharpe ratio 12 M	Average volatility 260 Day	2006 return %
European	-1,98	-14,84	-5,60	-0,65	19,22	45,29
Asian	-0,70	5,88	17,31	0,73	26,18	23,28
US	0,53	-6,94	-3,82	-0,34	26,39	32,94
Australian	-0,19	4,04	15,74	0,70	18,74	30,59
Global REIT	-0,85	-3,64	2,51	0,15	21,71	34,60
Global	0,07	-3,31	3,05	-0,12	17,99	34,59
Total						
Average	-0,52	-3,14	4,86	0,08	21,71	33,55

Source: AME Capital / Bloomberg

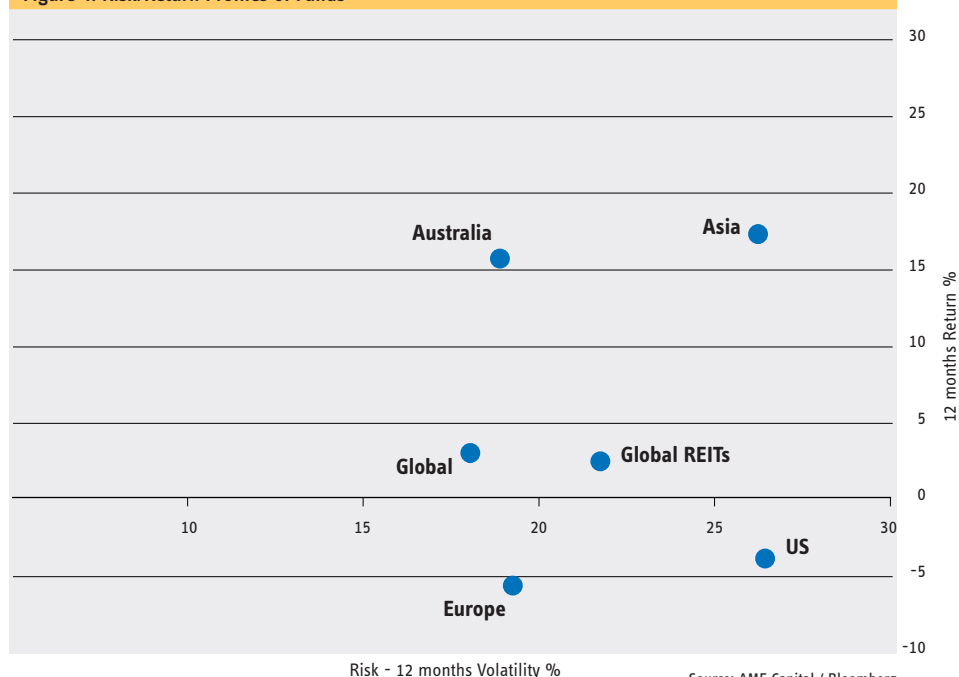
Alex Moss
Chairman

AME Capital specialises in the real estate sector and provides corporate finance and research advisory services to corporate and institutional clients. AME Capital is authorised and regulated by the Financial Services Authority.

The company was founded by Alex Moss in 2002. He gained an MA in the Economics of Finance and Investment from Exeter University in 1981, and has spent 25 years in investment banking, specialising in the property sector.

→ [Contact](#)www.amecapital.co.uk

Figure 4: Risk/Return Profiles of Funds



Risk - 12 months Volatility %

Source: AME Capital / Bloomberg



European CMBS market – bond market turmoil offers opportunities for property investors



Hans Vrensen
Director

Hans Vrensen is the head of European Securitisation Research at Barclays Capital.

Before joining Barclays Capital in 2005, he was a senior credit officer in the European CMBS team at Moody's Investors Service. Prior to joining Moody's in 2001 Mr Vrensen was an Investment Director with a property investment fund in London. He has over nine years experience in real estate investment and consulting and over six years in experience in real estate securitisations.

Mr Vrensen is a CFA charter holder. He has an MS in Real Estate from the University of Wisconsin-Madison and a Drs degree in Economics from De Vrije Universiteit in Amsterdam.

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This article explores the current state of the European commercial mortgage-backed securities (CMBS) market and the opportunities available to investors as a result of the recent volatility in the broader ABS markets.

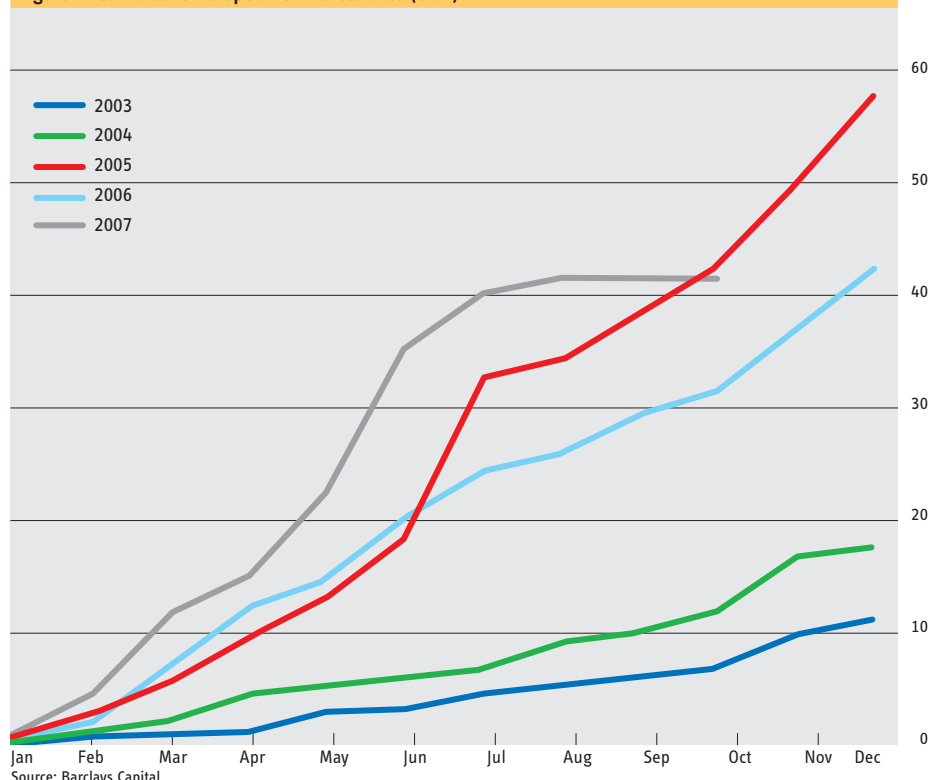
Things are getting nervy for the European CMBS sector. After a barnstorming rise over the last three years, in which total outstanding bonds issued have grown to €155bn, including €44bn so far in 2007 – most of it from bank-sponsored CMBS conduit programs – primary issuance has virtually ground to a halt since July.

After the recent turmoil in the wider ABS markets, secondary market spreads at the AAA level have widened from approximately 20 bp in June to 80 bp in late November after stabilising in October. At the BBB level, spreads have ballooned from 85 bp to 350-400 bp over three-month Libor in the same period.

The days when borrowers in general and listed property companies could benefit from the CMBS sector's efficiency via attractive loan spreads, and bond investors could take advantage of European CMBS's good performance, with stable ratings and no investment-grade bond-level defaults or losses to date, seem to be over.

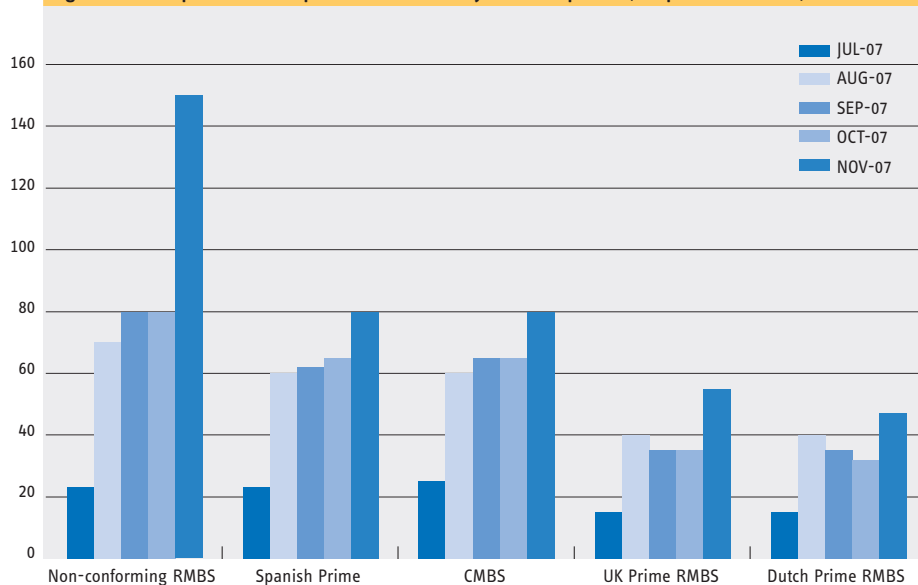
But while most issuers are unlikely to launch bonds in this currently unattractive secondary spread environment, the braver investor is always likely to find rich pickings – and they include property investors. Given where Libor is at the moment (6.5%), BBB investors should be able to realise a yield of approximately 10%. Even at the AAA level, the yield is approximately 7.5%. Listed prop-

Figure 1: Cumulative European CMBS issuance (€ bn)



European CMBS market – bond market turmoil
offers opportunities for property investors

Figure 2: AAA Spreads in European ABS sectors in Jul-Nov 07 period (in bp over 3MLIBOR)



erty companies and property fund managers might consider these yields attractive, especially given the secured nature of the AAA and BBB bond investments compared to other alternatives available to them. Many of these types of investors have a distinct advantage over regular ABS investors, since they have a good understanding of commercial property risks.

The main reason for the recent spread widening is the historical make-up of the investor base in European ABS, of which the CMBS market is a part. In recent years, more fund managers and structured vehicles have further broadened the ABS investor base. The structured vehicles funded themselves by issuing bonds in the commercial paper and medium-term note markets. Unfortunately, these vehicles started having problems with their funding because of concerns about US subprime exposure among their own ultimate investors (mostly money market fund managers). As a result of the lack of funding, some of them had no option in the short term but to sell assets. Some fund managers also experienced redemptions that led to selling. Given that the European ABS markets had been mostly focused on primary issuance in the past, the secondary market could not absorb all this selling activity without spreads widening.

Furthermore, the fundamental outlook for commercial property has gradually become more focused on falling capital values, especially in the UK. Notably, the outlook for con-

tinental European values is less negative, and the projected declines in value are not close to the rating agency stresses used when rating the bonds. Also, potential declines in values are still partially offset by expectations for market rent increases. Of course, a decline in value does not in itself cause a loan level default during term. But it would increase the re-financing risk at loan maturity.

In our view, these changes in property fundamentals will filter through into the performance of the CMBS deals over time, but we do not expect significant deterioration in the short term. In light of the issues faced by the broader ABS markets, we expect the recovery to an active primary CMBS market to be somewhat slow and messy, as investors and issuers set new clearing prices and volumes.

Investors are currently considering a rather strange mix of negative factors, such as those relating to illiquidity in the commercial paper markets, the potential effect of the liquidity crunch on fundamentals (and indirectly on ABS performance) and the potential overhang of retained primary issuance. These are set against a number of positive factors, such as recent central bank actions, an emerging wholesale market for distressed ABS portfolios, the M-LEC initiative¹ and a need for bond investors to re-invest redemptions.

As a result, we expect that most investors would only consider additional investing if and when secondary spreads tighten or at least stabilise. There seems unanimous agreement in the market that secondary spread widening has been overdone, but some investors feared in October that worse was yet to come. As it happened, they were proven right in November. It also confirms our earlier expectations that the recovery would be slow and arduous. In fact, we seem to still be in the middle of it.

However, we are convinced that both new and seasoned investors will be attracted to a sector with a good performance and ratings track record. We will need to get the word out on this, and perhaps the EPRA members are a logical first step as they are more likely to have an understanding and appreciation for the risks associated with the commercial property collateral securing CMBS bonds. In fact, in some cases, they own the collateral and certainly should understand all the risks. ◀

¹ M-Lec is the initiative sponsored by a number of leading US banks to buy SIV assets.

About Barclays Capital

Barclays Capital is the investment banking division of Barclays Bank PLC which has an AA long-term credit rating and a balance sheet of over £1.1 trillion. With a distinctive business model, Barclays Capital provides large corporate, government and institutional clients with solutions to their financing and risk management needs. Barclays Capital has offices in 26 countries, employs over 15,700 people and has the global reach and distribution power to meet the needs of issuers and investors worldwide.

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Outlook on Governance Practice for European Property Companies: Preliminary Results



Erasmo Giambona
Assistant Professor

Erasmo Giambona is Assistant Professor of Finance and Real Estate at the University of Amsterdam Business School. Previously he has collaborated with the Center for Real Estate Finance at the University of Connecticut and has taught at Roger Williams University. He has written in the areas of corporate real estate finance, performance and agency issues for Real Estate Investment Trusts (REITs) and has published in major real estate journals such as *Real Estate Economics* and *Journal of Real Estate Finance and Economics*. He is also a board member of the European Real Estate Society and is actively involved with academic organisations in the field of real estate in the USA and Europe.

Background

The size of European property firms has remarkably grown to about €1.15 trillion at the end of 2006. This growth mirrors an increased interest of institutional investors in indirect real estate, which allows higher exposure to alternative assets such as real estate without a “direct” knowledge of the real estate market. Similarly, individual investors with limited financial funds can obtain exposure to commercial real estate by purchasing securities of property companies without the need to raise the exorbitant amount of resources necessary to invest directly into commercial properties.

This increased importance of property companies in the portfolios of different classes of investors highlights the necessity to explain the status of governance practice in the real estate industry and to trace the path for positive changes. Creating awareness on the state-of-art of corporate governance of European property companies, we believe, is the foundation for continuous improvement as it will clarify those circumstances where there is scope for changes both at the company as well as at the country level. Furthermore, providing a governance benchmark for European property companies is a first step towards a process of homogenisation of governance practice across Europe. This short article constitutes the prologue for a comprehensive study on the governance practice for all property companies in the European Public Real Estate Association (EPRA) database at the end of 2006, which we will publish in the months to come.

The Role of Corporate Governance for Property Companies

There is a consensus in both industry practice and academic research on the fact that one of the main objectives of governance mechanisms is to create alignment of interest between management and stockholders. In general, four broad types of mechanisms are recognised for their efficacy to favour this alignment of interest, namely and perhaps in

terms of relative importance, a managerial compensation package linked to performance, the independence of the board of directors and the existence of internal and external auditing mechanisms in place, and finally the absence of takeover provisions. Yet, property firms follow regulatory provisions and industry practices that differentiate them from the typical industrial firms in terms of how each of these four types of governance mechanisms will favor in practice this “auspicious” alignment of interests. For instance, the management of a property firm has usually less control – compared to the typical industrial firm – over the firm cash flow because regulations require that a large part of internally generated resources be returned to shareholders in the form of dividends (if the company operates under REIT legislation). Therefore, the management of a property firm has fewer opportunities to misuse shareholders’ money. On the other hand, the threat of a hostile merger has traditionally been lower in the real estate industry compared to other industries. Managers associate a hostile takeover with the risk of being fired. Therefore, hostile takeovers are usually an effective channel to favor alignment of interest between managers and shareholders. This channel however is mute for the real estate industry, where hostile takeovers are usually rare. These idiosyncrasies of the real estate industry relative to more traditional industries clearly emphasize the need to gain perspective on the status of corporate governance for the securitized real estate industry. We will provide in what follows some preliminary insights on governance practice for property companies.

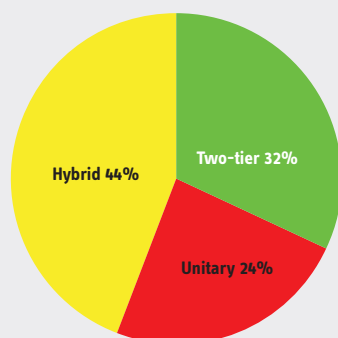
Some Evidence on the Status of Governance Practice for European Property Companies

Heidrick & Struggles in their biennial report survey the practice of corporate governance for corporate Europe across and within European countries. Their methodology broadly speaking consists of ranking each

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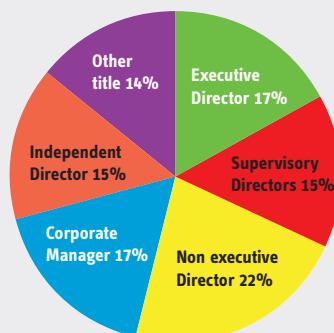
Exhibit 1: Board Structure of European Property Firms



company independently according to governance benchmarks defined ex-ante as being conducive for best practice. In particular, they identify a total of 16 factors including among others information on board structure, composition, and disclosure to the public, which are weighted to obtain a rating for each company in their survey. Their 2005 study shows a trend of increased governance practice across Europe.

Following a methodology similar to Heidrick & Struggles, we collect governance information for each of the 101 European property companies present in the European Public Real Estate Association (EPRA) database at the end of 2006. For each of these firms, we gather data on several aspects of board structure, composition and public disclosure practice from their annual reports. Exhibit 1 shows that the choice of the board structure is diverse across European property companies. In fact, 32% of the firms in our survey has adopted a two-tier board structure, which is based on a clear separation between the management board and the supervisory board, 24% of firms use a unitary system, which permits that executives sit in the supervisory board, while the remaining 44% of real estate firms have adopted a hybrid structure, which combines some of characteristics of the two-tier system with those of the unitary system. Taken at face value, this result implies that about 68% (e.g., 24 + 44%) of the property companies in our sample does not follow a governance practice of clear separation between management and supervisory board. It is clear that the scope for improvement along this dimension is remarkably high. An independent board is usually argued to have a stronger

Exhibit 2: Board composition by category



power in enforcing a managerial conduct aligned with the interest of common shareholders. Those property companies that put in place governance mechanisms aiming at favoring this alignment of interest between the manager and the shareholder in the years to come, will be able to exploit growth opportunities in the property market by raising external equity financing.

Results however are more encouraging if we look at the composition of the board (Exhibit 2). We find that about 52% (e.g., the sum of the percentages of independent directors, supervisory directors and non executive directors) of directors in the board of the average European property company are independent directors. This implies that although the board might not be completely

independent because some of the directors are also executives, more than half of all directors (e.g., 52%) are independent. Of the remaining 48%, 34% are executives (e.g., the sum of the percentages of executive directors and corporate managers) while for the remaining 14% we cannot say for sure using the information reported in the annual report whether they are executives or independent directors.

These preliminary results show that governance practice among European property firms is rather diverse. Many questions, however, are still unanswered. Namely, which ones are the best performing countries in terms of governance standards? Are property firms within a country homogeneous in terms of their governance practice? What is the level of internalisation of the board? What is the level of female participation? These and several other issues will be addressed in the aforementioned report on the status of corporate governance for European property companies that I am preparing for EPRA. ◀

References:

Heidrick and Struggles, 2005, Corporate governance in Europe: what is the outlook?

¹ I acknowledge excellent research support from Ali Zaidi in preparing the data and figures necessary to prepare this short article.

About UvA

The Finance Group at the University of Amsterdam is one of the top research-oriented finance departments in Europe. It has a large group of academics researching finance and it is fiercely international, with researchers from 14 countries.

The Finance Group runs an intense academic seminar series with prominent speakers from top international universities. It also has a very active programme of visitors and international conferences every year, thanks to strong links to the US, where many staff members have studied or taught previously, and Europe, where the Group participates in several top research networks. Recent conferences have been organised jointly with Wharton, London Business School, Harvard, MIT, University of Chicago, and the World Bank. The group enjoys the strong support of Dutch and international financial institutions.

The Real Estate section within the Finance Group has a strong research-orientation favoured by the close ties that its faculty has with top research centers in US and European universities. The group offers a Master of Science in Real Estate and has recently introduced an Executive Master of International Finance with a Real Estate Track.



Company Focus: Cofinimmo



Serge Fautré
CEO

Serge Fautré joined Cofinimmo in March 2002. Prior to that, he was Finance Director of the Internet Business Unit and Director of the Treasury and Finance Group of Belgacom. Between 1994 and 1999, he was a member of the Executive Committee and head of the Investment Banking Department at JP Morgan. He has also held positions with Glaverbel, Citibank and Schroders in Brussels, London and New York. He is currently Chairman of EPRA and a Director of the French insurer La Mondiale. He graduated in Economics (UCL 1982) and holds a Master of Business Administration (Chicago 1983).

Cofinimmo is the foremost listed Belgian real estate company (Euronext/COFB), specialising in rental property. The company's core focus is office property. Cofinimmo manages a portfolio of € 3.2 billion, comprising more than 160 office properties and nursing homes which combined represent over 1,000,000m².

Cofinimmo has a track record of nearly 25 years in real estate investment in Belgium, which provides the company with a competitive edge when it comes to identifying, acquiring and managing assets. Through its commercial and investment strategies in the office sector, properties occupied by public bodies, nursing homes and more recently, pubs, Cofinimmo is continually seeking to create additional value for its shareholders.

Strategy

The office sector, which remains Cofinimmo's core activity, accounts for 70% of the overall portfolio. The company's strategy, in this segment, is to focus on long term lease contracts, first rate tenants, asset location, assets with recurrent cash flows and a stabilising effect on operational results.

The office sector has experienced significant yield compression in recent years, which has resulted in Cofinimmo embarking an active arbitrage of its real estate assets, with a view to improving the intrinsic quality of the portfolio. Offices buildings have been sold netting substantial gains. In addition, Cofinimmo has diversified into other property segments through long term partnerships with corporate companies and their real estate operations. For example, in order to allow operational companies to focus on their core business, Cofinimmo acquires their real estate and takes over responsibility for the structural maintenance of the roofs, the walls and the facades.

The common characteristics of those assets are: long term leases, favourably indexed initial rental yield and an important land value guaranteeing the future progression of the net asset value of Cofinimmo's share price.

Nursing Homes

Aware of the significant demographic importance of the older population and convinced of the added value that Cofinimmo can offer in terms of quality accommodation, the

company has diversified into nursing homes properties in Belgium.

So far, Cofinimmo has invested on an average gross rental yield of 6.23%, a total of € 191.9 million in 23 nursing homes comprising nearly 2,600 authorized beds and 125,400m². Looking forward, the development pipeline is also impressive: nine nursing home projects, representing 31,600m², 640 authorized beds, with an investment value estimated at € 61 million and an average gross rental yield estimated at 6.40%. This pipeline is currently under construction and is due to be delivered during the course of 2008 and 2009. The company is using development to consolidate its position in this specialist sector. At this point in time, nursing homes represent 8.55% of Cofinimmo's total asset portfolio, just short of the target for 2007 of 10%.

Partnership with InBev

Cofinimmo has recently completed the acquisition of InBev's real estate portfolio which is located in Belgium and the Netherlands. The portfolio of 1,068 pubs represents a total surface of 320,000m². Cofinimmo has signed a global lease contract with InBev for a firm duration of at least 23 years and for an initial rent of € 26.6 million per year (indexed to CPI).



Loi 56.

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Northgalaxy.

The deal covers all of the pubs in the portfolio. The investment value of the real estate portfolio amounts to € 429 million and the initial gross rental yield amounts to 6.30%.

The completion of this deal means that InBev becomes one of the most significant private long term tenants of Cofinimmo and the lease agreement ensures a secure and long term income stream. The many outstanding pub locations will allow the company to progressively capture gains on the land value. The partnership with InBev and the diversification offered by this specialist sector should increase Cofinimmo shareholders' return and coupled with an improved risk profile of the portfolio.

Partnership with public authorities

Portfolio diversification through partnerships with the Belgian public authorities is another area utilised by Cofinimmo. Many public authorities are increasingly under pressure to renovate buildings, or develop new ones, with a goal of creating public premises of increased quality. Subsequently, they may wish to transfer responsibility for the building and its maintenance while at the same time improving the standard of accommodation for their occupants. By means of Public-Private Partnerships (PPP) sufficient funding

becomes available on keen terms on the financial markets to meet these requirements. As Cofinimmo is constantly searching for stable and low-risk investments and is conscious of the role it can play in renovating and improving the urban fabric on a lasting basis, it examines PPP projects, even for non-traditional buildings such as law courts, police stations, social housing, schools and the like. These operations generally involve lease-finance arrangements.

So far, Cofinimmo has invested in 3 projects and is a bidder for a fourth:

- The Court of Justice of Antwerp (€ 13.4 million gross income over 36 years)
- The new fire station for the City of Antwerp (€ 1.70 million over 37 years)
- The police station in the Antwerp region (HEKLA police region - € 0.5 million over 27 years)
- The construction and maintenance of a complex of social housing in both Tienen and Dilbeek.

Today, these investments represented 7.5% of the total asset portfolio.

Development for own account

Finally, Cofinimmo carries out large-scale renovation of office properties with the

intention of letting and holding the assets in the portfolio over the long term, so boosting the anticipated return on investment. However, so as not to affect the company's risk profile, the proportion of those development projects is limited to 10% of the portfolio investment value. In 2007, Cofinimmo has committed to invest in 3 development projects of new office complexes (completion is expected during the course of 2009) for an approximate value of € 111 million.

Summary

The growth and diversification strategy followed by Cofinimmo has improved the overall risk profile of the portfolio. Cofinimmo has leveraged on its in-depth knowledge of the Belgian office market to take advantage of its local real estate and financial expertise and invest in several specific niches.

Under this strategy, Cofinimmo has also lengthened the average maturity of its portfolio (from 6 years in 2004 to 11 years today) and increased the average occupancy rate (96.5% vs. 90% for the market). Moreover, quality locations of the properties ensure attractive land value, which guarantees the future growth of the net asset value of Cofinimmo.

Acquiring buildings let on a long term basis, executing the target diversification strategy, maintaining a good occupancy rate and reducing costs associated with un-let space ensure that the financial performance figures match the forecasts and allow the distribution of a increased dividend. As such, the Board of Directors has proposed a 4% raise for the forecast ordinary dividend for 2007 payable in May 2008, taking it from € 7.45 to € 7.75 gross. ◀



A Cofinimmo owned pub in Brussels.



German REITs - Still attractive

The euphoria surrounding German REITs has faded. Yet despite all the setbacks in recent months, the investment vehicle still has potential in Germany.

The road to the German REIT was long and stony. When the German REIT legislation was finally wrapped up in April 2007, the sector had experienced a good three years of intense discussions relating to the introduction of the tax transparent vehicle. The topic even caused a major rift among the conservative and social democrat party members which currently make up Germany's coalition government. Looking at the situa-

tion eight months later, one could ask whether it was all really worth it. Germany's REIT market is currently lagging far behind expectations, with just one German Real Estate Investment Trust at present and another one close to transformation.

Alstria-Office REIT AG focuses on office real estate and was launched on the stock market in spring 2007. In October, it became the first company to adopt the tax transparent status. The first actual REIT-IPO then followed in November. Munich-based Fair Value Immobilien-AG launched its shares on the Frankfurt stock exchange. The company has not announced the transformation to G-REIT-status yet, but this seems to be just a matter of weeks away. Fair Value's portfolio mainly comprises properties which were previously pooled in closed-end real estate funds.

Coupled with the fact that there are so few REITs – the share price of these REITs is rather disenchanting, too. In their first days as a REIT, Alstria's shares fell almost 20% in the period between the conversion in October and the end of November. Fair Value's shares came under even greater pressure, losing more than 20% of their value within two weeks of the IPO on 16 November.

The mood of euphoria back in the spring has turned into a hangover before the party has even begun. Concern is growing within the industry that the long-awaited instrument will actually suffer a false start.

In actual fact, the German REIT sector has had a number of setbacks over the past few months. Just as the political debate on the REIT legislation was coming to a head, the stock exchange climate for real estate shares changed. Rising interest rates and the general concern that share prices in the bull market lasting almost three years had possibly exceeded a healthy level pushed real estate values into the red. This already unfavourable market situation was exacerbated by the crisis on the US mortgage market. "The sub-prime crisis actually only affects the financial institutions and money market funds in Germany," according to Ralf Schlautmann, project manager Strategy Real Estate Companies at the banking firm Ellwanger & Geiger. "But with talk of a real estate crisis in the news, the fear and uncertainty was transferred to all indirect real estate investments."

Unfavourable market conditions might be the most important reason for the weak performance of the German REIT-sector but it is not the only one. One reason is the REIT law and the problems which are related to it. "Complicated, half-baked, contradictory" – the reactions from real estate and capital



Matthias Thoms
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GmbH

Matthias Thoms is Managing Partner of RiD Real Estate Information GmbH.

The company is operator of REITs in Deutschland (www.reits-in-deutschland.de), Germany's only information portal on Real Estate Investment Trusts.

In addition, Matthias is a Consultant at ergo Kommunikation, one of Germany's leading communications consultancies, specialising in business, finance and politics.

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Exit tax and pre-REIT

The German government gave its REIT market a little helping hand to get started in the form of exit tax. This means that if real estate is sold to a REIT, the seller is only liable to pay half the standard amount of corporation and trade tax on the profits. The same applies to real estate companies (AGs) if they value their portfolio at market prices before converting to a REIT, as stipulated by the legislation. Here, any silent reserves are only subject to half taxation.

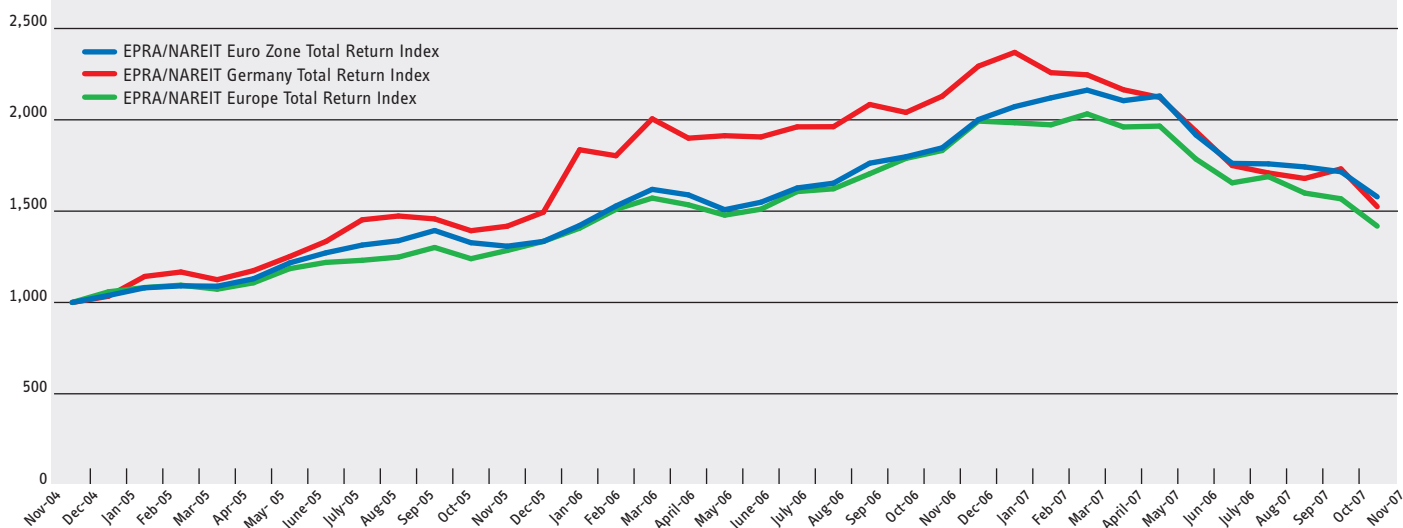
The tax relief only applies, however, if the real estate being sold was previously owned by the seller for a minimum of four years. Should a real estate company wish to convert to a REIT, it must have owned its real estate for at least two years, by which time they should be eligible for exit tax.

So-called pre-REITs can also benefit from exit tax. These are companies whose shares are not yet listed on the stock exchange, meaning they have not yet achieved full REIT status. The companies themselves are not tax-exempt but they could apply for the exit tax. The condition for this tax concession is that the companies must convert to full REIT status no longer than three years after becoming a pre-REIT.



German REITs - Still attractive

EPRA/NAREIT Germany Total Return Index



market investors to the regulations were anything but positive. In an effort to avoid bringing in a new tax savings model, a number of paragraphs were written into the law during the various compromise rounds of the Grand Coalition.

These paragraphs, even after six months, are often still baffling for legal experts at companies willing to convert to a REIT. One of them is the threat in Paragraph 18 to withdraw the tax-privileged status from a REIT if certain individual criteria of the law are not met. The problem is that the Board of Management of a REIT AG does not have any, or at best only indirect, influence over some of the breaches that are penalised in this way. For instance, regarding the regulation that at least 15% of the shares are held in free float or that the share of one single shareholder has to be below 10 %. Some leaders of prospected REITs already stated that their company cannot convert into a REIT unless this rule has been changed.

There are other reasons which prevent German real estate companies from using the tax-efficient status. One is the tax burden which occurs by entering the status. REITs have to show their real estate in the balance sheet at its market value. This causes problems, particularly for existing real estate stock corporations, as they have to release their entire hidden reserves and thus pay tax on profits generated. The 50 per cent discount on taxes granted as part of the exit tax (see box) only takes effect at this point to a limited extent.

Just some examples of reasons that paint a sombre picture of the prospects for the REITs market in Germany. On the other hand, however, there are some clear signals that

this asset category can succeed. They primarily come from the real estate market itself. Despite all the turbulence on the international markets, the German property market is still on the upturn. The attraction for both German and international investors is the promise of rising rents and a fall in the vacancy rates for commercial real estate. The German economic growth is proving to be robust and this is increasing the level of employment. Particularly in the office sector, there is a growing demand for space, while the available space is remaining constant or increasing at a moderate rate.

Whereas in the German investment boom was primarily driven by foreign investors, more and more German investors are now becoming active in their domestic market. The most prominent example among the players listed on the stock exchange is IVG Immobilien AG that has made strong purchases for its subsidiary, which is already registered as a pre-REIT. The Bonn company has paid €1.3 billion alone for a portfolio of office real estate sold by the Allianz Group – which should be the biggest transaction done under the exit-tax regime until now.

With the lower rates for corporation and trade tax that will apply in Germany from next year, it will also become more favourable for companies to realise their hidden reserves. It is therefore no accident that many companies are quoting the beginning of 2008 as the earliest date for a conversion to a REIT.

Quite a few prospective candidates are continuing to make preparations for the new status. Even if most of these companies are leaving a back door open for themselves (refer-

ring to the development of the market environment is a popular one), more IPOs or conversions should follow during the coming year. Ellwanger & Geiger expert Schlautmann estimates eight to ten companies with a market capitalisation of approx. €4 billion. So the REIT party will probably take longer to get going than originally expected. But parties like these often turn out to be some of the best. ◀

About REITs in Deutschland

REITs in Deutschland is the Real Estate Investment Trusts information portal in Germany. We create transparency, provide independent in-depth reports, and promote an effective dialogue between investors and issuers.

Editorial quality: REITs in Deutschland focuses on the real estate and capital market interface. Business journalists with thorough real estate knowledge analyse news, background reports and comments.

The Web site www.reits-in-deutschland.de provides up-to-date information on REITs and property investment in Germany every working day. The English version (www.reits-in-germany.com) is updated on a regular basis.

The quarterly magazine REIT up provides background information and in-depth articles on the development of the asset class Real Estate in Germany. An English edition focused on the needs of international investors is in planning.



By: Laurens te Beek, Researcher, EPRA

Mature REIT Sun Attracts Emerging Satellites – EPRA Study

Countries adopting the tax efficient Real Estate Investment Trust (REIT) model are seeing the rapid evolution of their property stock sectors towards the same stable risk and high returns over the long term as well established benchmark REIT markets such as the United States and Australia, a recent study by the European Public Real Estate Association (EPRA) shows. The study also illustrates the favourable risk/return profile of real estate stocks compared with other asset classes such as sovereign bonds and general equities.

We looked at rolling risk/return profiles over 10 years between 1999 to-date for the major listed real estate markets globally, using the FTSE EPRA/NAREIT Indices. The mature REIT markets of the U.S. and Australia occupy the “high ground” of total returns averaging about 10% to 15% a year with risk/volatility around the same 10% to 15% range in the “top left” of the graphed x-axis (risk) and y-axis (return). A striking pattern can then be seen of this risk/return “Sun” drawing emerging REIT “satellites” towards it from the right, with consequent rising returns and declining volatility.

Probably the clearest example of this REIT gravitational pull can be seen in Canada, where REITs proliferated after the amendment of unit trust definitions to include real estate in 1994, according to the EPRA Global REIT survey. During the period of the EPRA study, Canadian real estate stocks displayed steady rising returns and falling volatility before entering the performance “orbit” of U.S. REITs around 2005.

The REIT regimes in Asia that emerged after 2000 led by Japan, have been characterised by sharply rising returns towards the U.S./Australian levels, accompanied by the fairly high volatility that might be expected with relatively new investment vehicles. If the pattern of the REIT “Solar System” holds true going forward, then the markets of Japan, Singapore and Hong Kong could be expected to see a steady shift to the left as they mature and volatility declines.

In Europe, the “mini” REIT suns of the Netherlands and Belgium had their Genesis in 1969 and 1995 respectively and have since seen some of their neighbouring listed real estate markets, which have only adopted REIT structures much more recently, rapidly moving into their orbit in terms of risk/return.

France, which adopted its SIIC (REIT) structure in 2002, has seen the characteristic meteoric rise in investment returns that generally accompany pre- and post-REIT conversion periods, for a similar level of risk as prevailed for listed French real estate stocks previously. It is possible that this performance “overshoot” in global REIT terms could gradually be pulled back through arbitrage as the market matures.

UK-REIT legislation came into effect from January 1, 2007, which followed a long-term period of declining volatility for Europe’s largest listed property sector. The sharp pre-REIT run-up in returns was followed by this year’s price falls, creating a “murky” picture for the rolling averages we based the study on. So it remains to be seen whether this important market for real estate stock investors will emerge into the “REIT sunshine.”

Real Estate Stocks Overhaul Equities Indices As REITs Take Hold

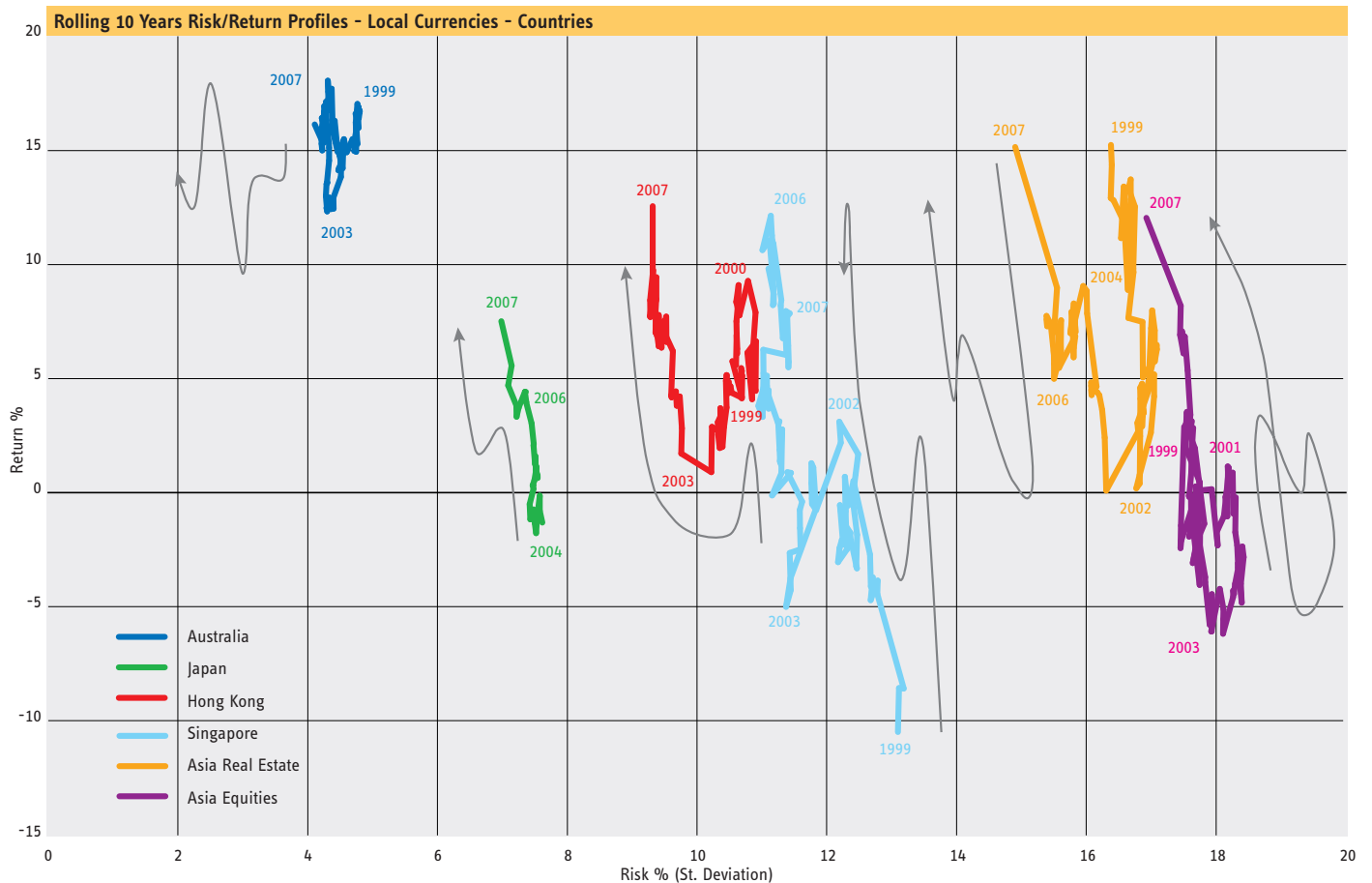
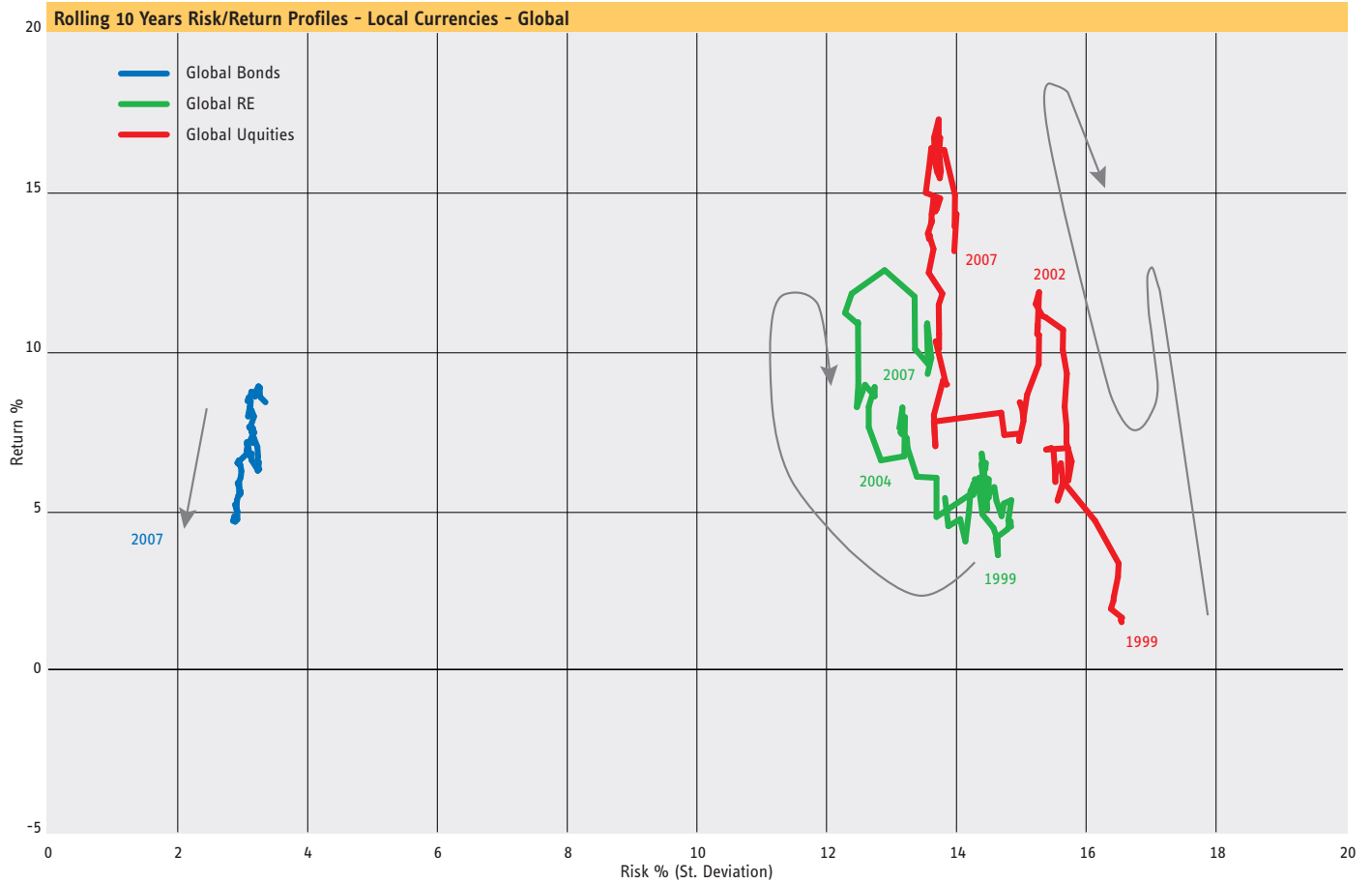
Real estate stocks globally have trended towards higher returns and lower volatility and overhauled the FTSE Global Equities Index on a risk/return basis, over the period of the EPRA study, as REIT structures have taken hold in markets around the world.

Between 1999 and 2007 there was a remarkable concentration of the risk/return profile of global equities in the area of 6% to 8% returns for a volatility of roughly 14% on a rolling 10-year average. This static picture over the long-term saw the performance of global real estate stocks contained in the FTSE EPRA/NAREIT Index exceed the FTSE Global Equities Index as the classic REIT pattern of rising returns and lower volatility has asserted itself since the turn of the century.

There has been no ambiguity in the risk/return profile of global sovereign bonds between 1999 and 2007 – sharply falling investment returns for the same level of risk.

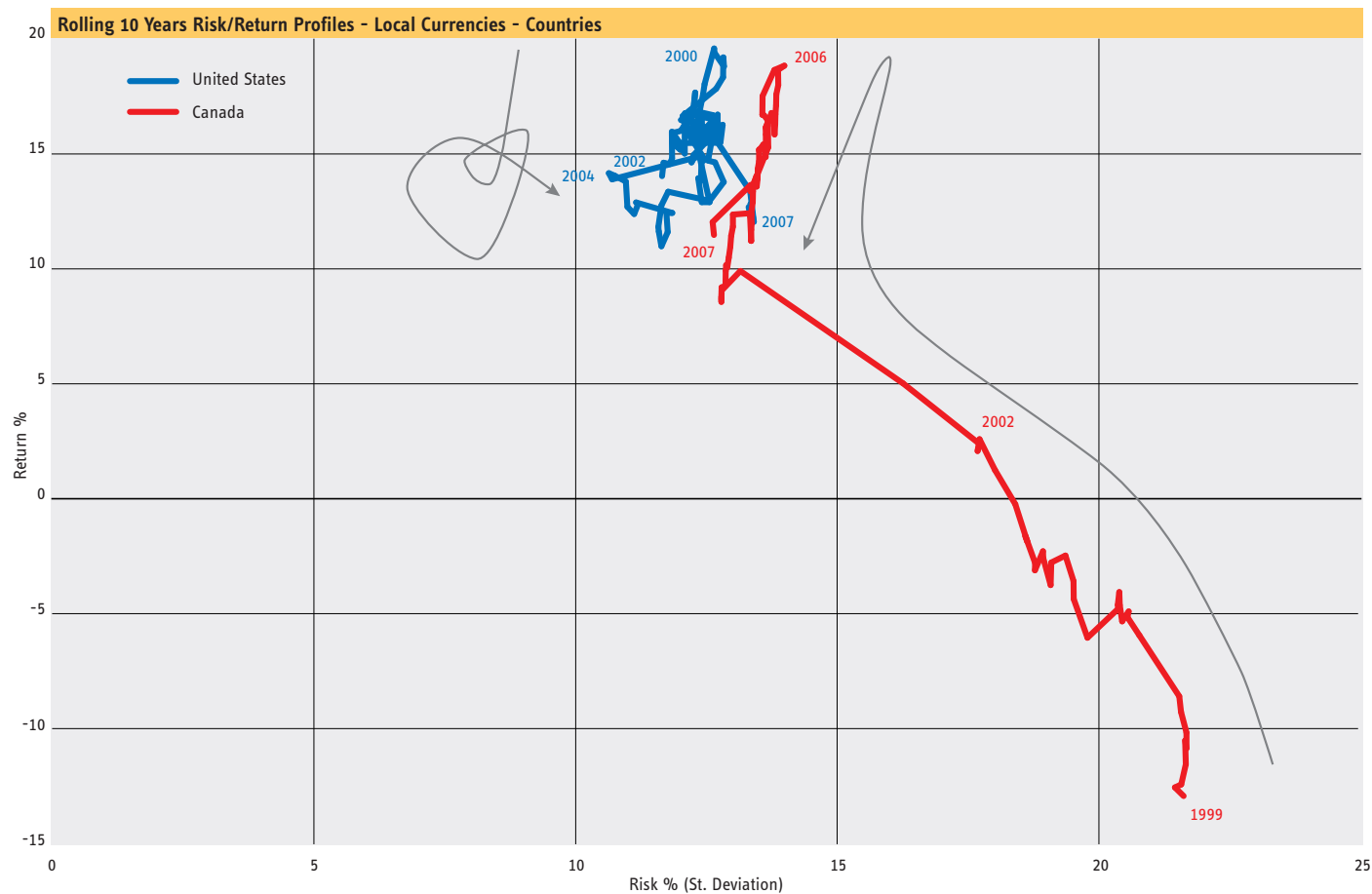
Overall we can conclude that real estate stocks have become an increasingly attractive risk/return diversifying option for a multi-asset portfolio as countries have adopted the “REIT model” worldwide. As this trend continues, with markets moving to REIT structures to maintain their international competitiveness in real estate investment, the benefits of property stocks to investors should also expand in parallel. ◀

By: Laurens te Beek, Researcher, EPRA





Mature REIT Sun Attracts Emerging
Satellites – EPRA Study





By: Ali Zaidi, EPRA

Expanding the Global Universe

The recent slow down of the real estate markets in the developed economies, in particular Europe and North America, has seen investors seek opportunities further afield. High time perhaps, that the FTSE EPRA/NAREIT global real estate universe covered both the developed and emerging markets. The potential of the emerging real estate markets has captured investor's interest for a number of years now. We have received increasing demand over this period, and over the course of the last 18 months we have worked closely with FTSE, APREA and NAREIT in order to provide a 'bolt on' emerging markets series (figure 1) to the FTSE EPRA/NAREIT Global Real Estate Index which are planned for the first half of 2008.

The markets recognized by the broad FTSE global equity series as emerging have experienced a steady increase in IPO's over the past five years, with Malaysia and South Korea leading the race in 2006 and 2007 respectively. Figure 2 highlights the number of IPOs in the emerging section since 2000. It is clear that there has been a steady increase in activity. The table only includes these IPOs which have a pure real estate focus. What the figure does not include is those IPOs of conglomerates that hold large real estate portfolios in their asset mix. Perhaps in the future these companies will see value in splitting off these real estate activities in a separate vehicle. The index design involves identifying prime candidates for the index followed by a selection based on size, liquidity and earnings generated by relevant real estate activities.

Emerging market

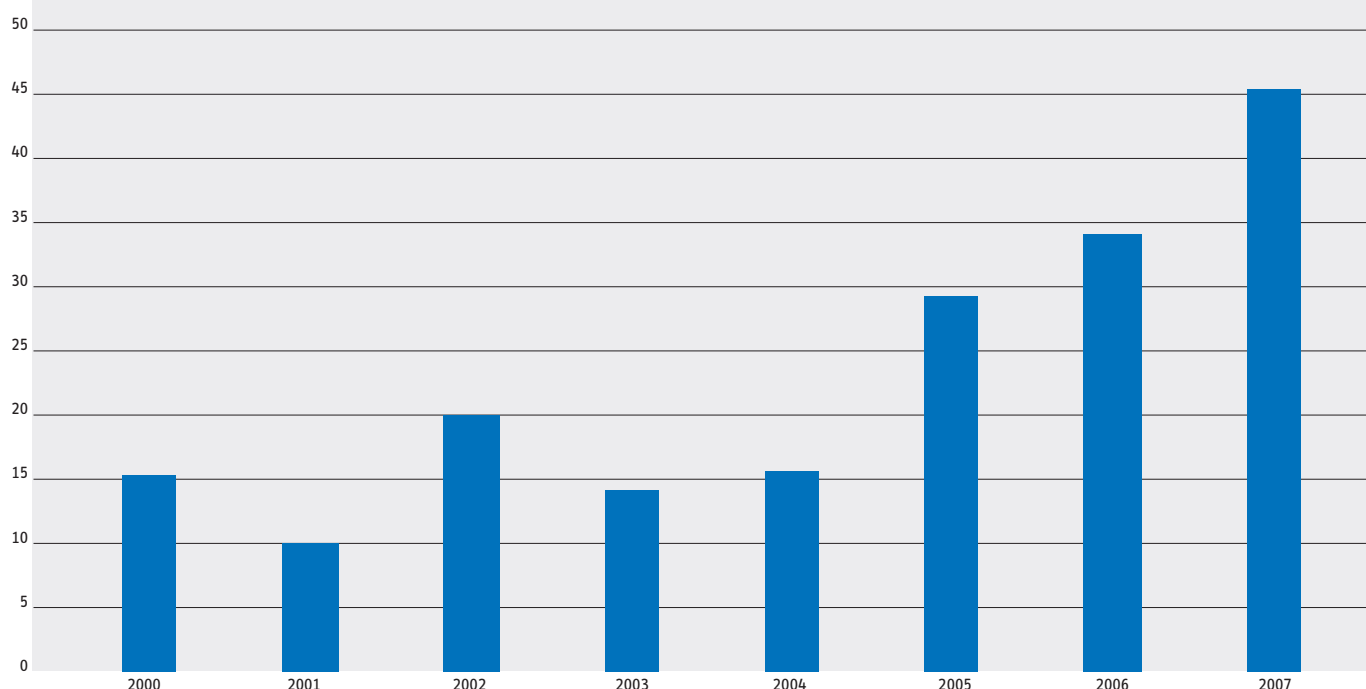
Beginning with the Industry Classification Benchmark (ICB), under the sector 'real estate' a total of 653 potential candidates were recognised, with a market capital of over \$200 billion. Four of the top five countries in terms of number of companies are located in Asia. The list of potentials is heavily dominated by Asian companies (74%), for example, Thailand represents 23 % of the total list of constituents (see figure 3). Conversely ranking in terms of full market capitalisation provides a contrasting picture. From the top 25 companies ranked by market capitalisation, rather surprisingly, 21 slots are filled by South African companies. In fact, many South African analysts have questioned the exclusion of South Africa from the FTSE EPRA/NAREIT Global Real Estate Index given the fact that South Africa is larger than

Figure 1: FTSE EPRA/NAREIT Emerging

	Number of companies	
ARGENTINA	2	
CHILE	21	
CHINA	105	
COLOMBIA	0	
CZECH REPUBLIC	1	
EGYPT	27	
INDIA	16	
INDONESIA	30	
MALAYSIA	89	
MOROCCO	4	
PERU	6	
PHILIPPINES	53	
TURKEY	12	
BRAZIL	26	
HUNGARY	3	
SOUTH KOREA	12	
MEXICO	3	
SOUTH AFRICA	40	
POLAND	6	
TAIWAN	31	
RUSSIA	5	
THAILAND	143	

a number of developed countries. It seems that South Africa is further down the road of development than the majority of other emerging economies. ►

Figure 2



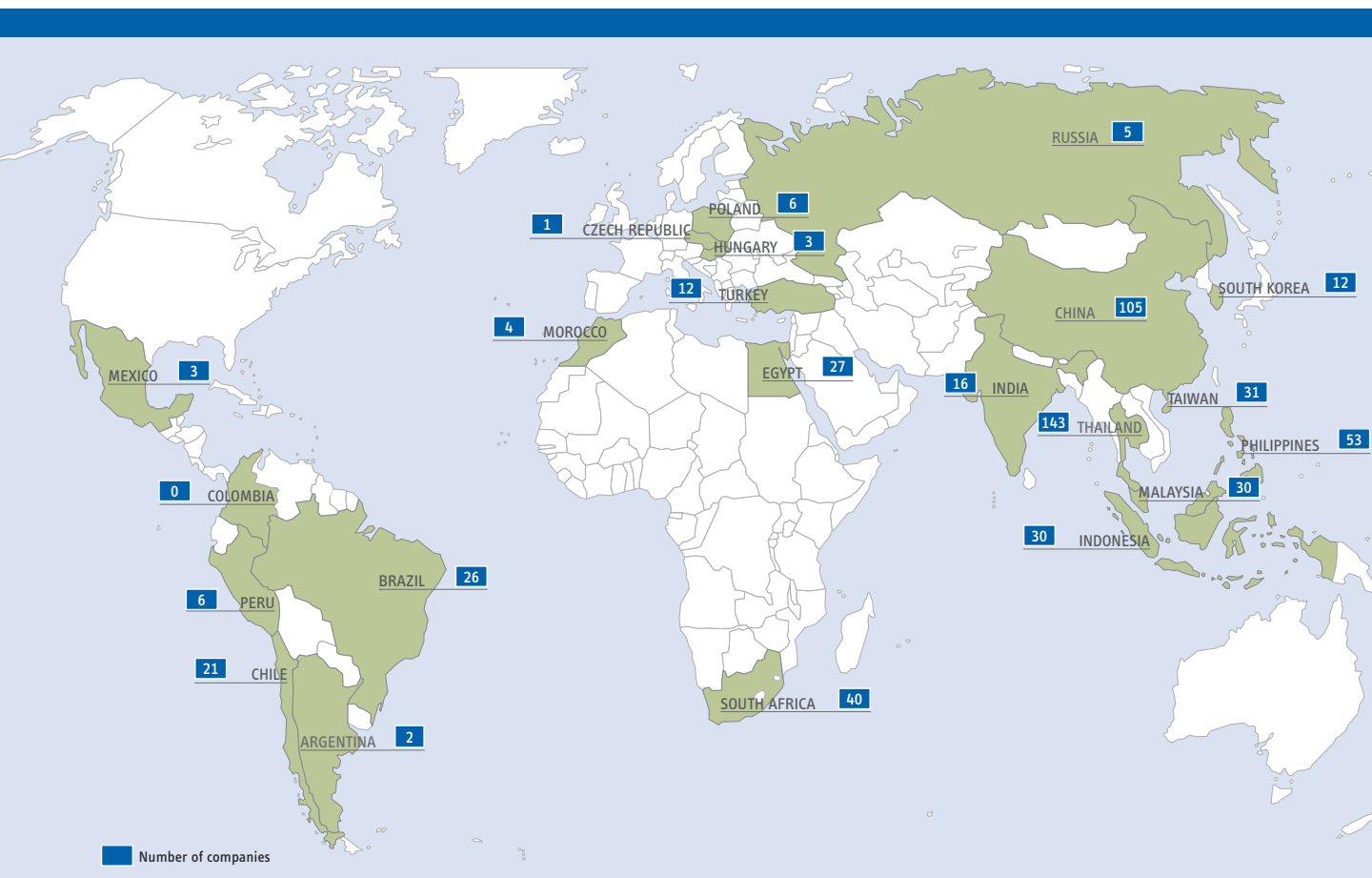
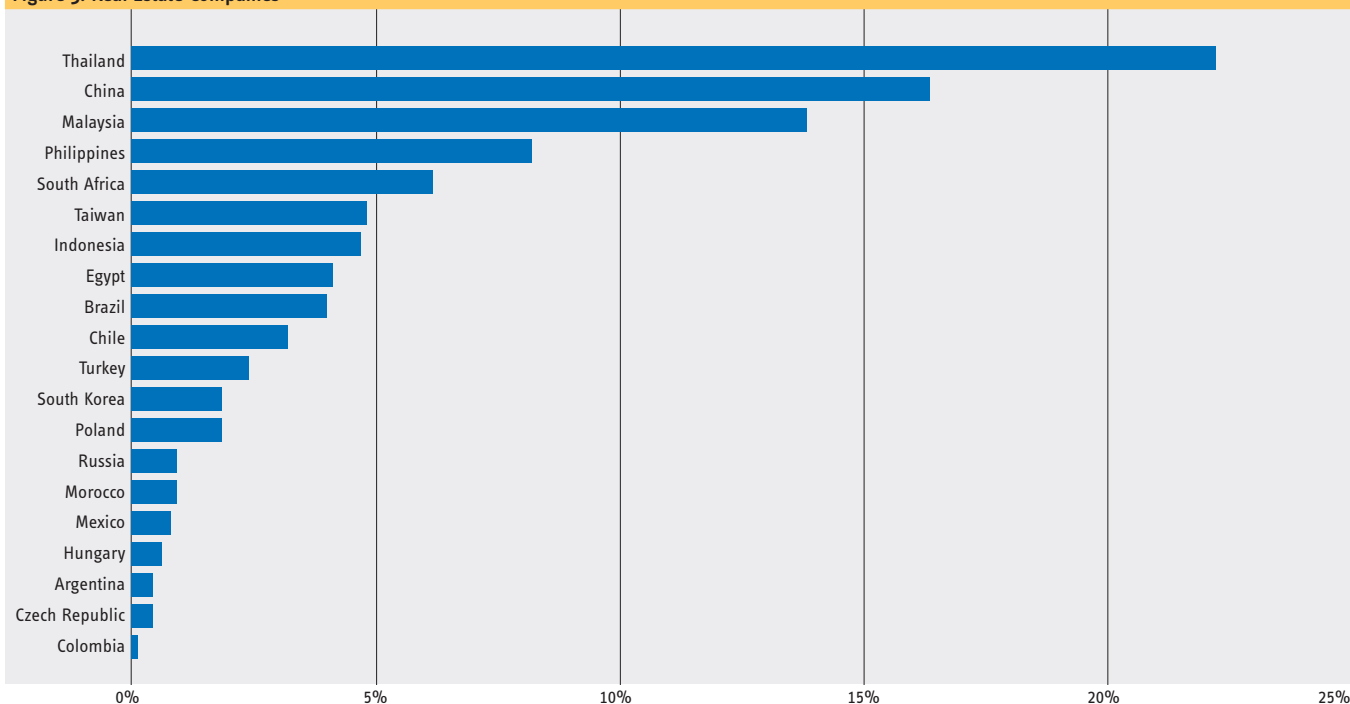


Figure 3: Real Estate Companies





By: Ali Zaidi, EPRA

FTSE EPRA/NAREIT Global Emerging Market Index

The liquidity test screens companies for their underlying tradability. For example, companies that failed to trade at least one percent of their respective free float market capital are excluded. This methodology is exactly the same as the liquidity test for the developed section of the index. This test results in a more severe 'cull' of the Americas and EMEA regions - an exclusion of 10% of the constituents initially identified. The liquidity test also leads to a significant reduction of companies from South Africa, as 23% do not meet the criteria. On the positive note, the trading of stocks for the constituents has shown improvement over time, a clear indication that an increased number of investors are taking interest. This initial test effectively treated all companies as new entrants which subjects them to the stricter criteria of the index compared against the one for existing constituents.

Screening for size is based on a percentage of the regional index market capitalisation, with tailored thresholds for each region. The higher requirement for the Americas does not adversely affect the make up of the regional index, as the leading factor for exclusion from this region is lack of liquidity.

Finally, In order to qualify for the emerging index, the constituent needs to generate a

Americas Region (20 BPS)	Asia Pacific Region (10 BPS)	EMEA Region (10 BPS)
BRAZIL	INDIA	EGYPT
COLOMBIA	CHINA	SOUTH AFRICA
CHILE	THAILAND	POLAND
PERU	PHILIPPINES	TURKEY
MEXICO	MALAYSIA	RUSSIA
ARGENTINA	TAIWAN	MOROCCO
	INDONESIA	HUNGARY
	SOUTH KOREA	CZECH REPUBLIC

Top 15 on Market Capitalisation

Name	Region	Country	Adj Market Cap USD
Housing Development & Infrastructure Ltd	Asia	India	3.8
Cyrela Brazil Realty S.A.	Americas	Brazil	3.6
Indiabulls Real Estates Ltd	Asia	India	2.7
Growthpoint Properties Ltd	EMEA	South Africa	2.5
Shenzhen Vanke (B)	Asia	China	2.4
Douja Promotion Groupe Addoha	EMEA	Morocco	2.3
Globe Trade Centre S.A.	EMEA	Poland	2.1
Ayala Land Inc	Asia	Philippines	2.0
S P Setia Bhd	Asia	Malaysia	1.7
Omaxe Ltd	Asia	India	1.4
Shanghai Lujiazui Fin & Trade Dev (B)	Asia	China	1.3
Bakrieland Development Tbk PT	Asia	Indonesia	1.3
PDG Realty SA	Americas	Brazil	1.2
Multiplan Empreendimentos Imobiliarios SA	Americas	Brazil	1.2
MRV Engenharia e Participacoes SA	Americas	Brazil	1.2

significant proportion of earnings (EBITDA) from relevant real estate activities, as classified under the FTSE EPRA/NAREIT Global Real Estate Index Ground Rules July 2007. The thresholds stand at 75% for the EMEA and Americas and 60% for Asia Pacific. The

majority of companies in our universe actually meet this rule. It is worth noting that the restriction on foreign investment by the Chinese authorities results in approximately 50% of the Chinese companies dropping out.

Figure 4: Average Liquidity of Emerging Market Constituents

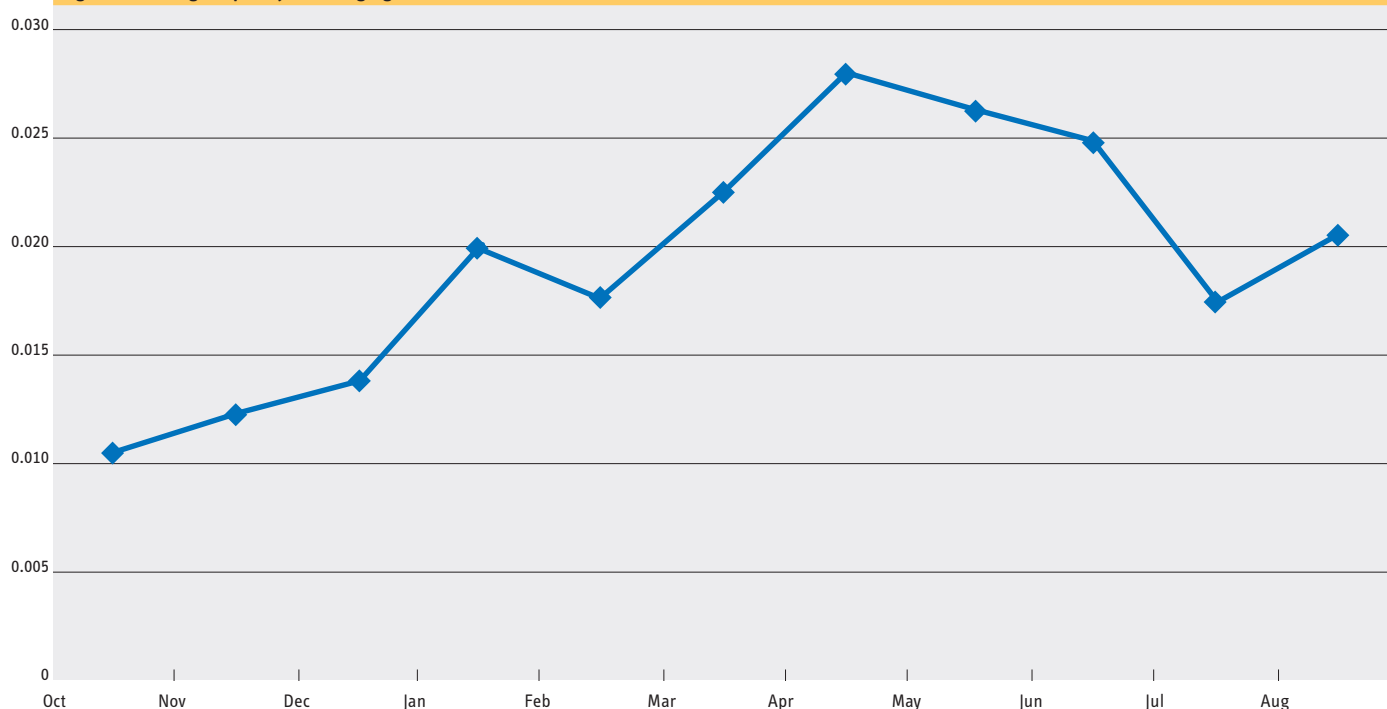
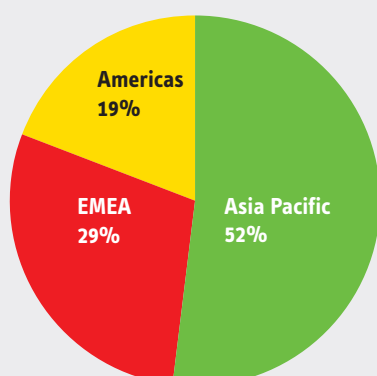




Figure 5: Regional breakdown on market capitalisation



Having screened and analysed the initial set of constituents, a total of 124 funds are eligible for the new index, with a total investable market cap of \$ 81 bn. Asia Pacific dominates the list with over 50% of the market capitalisation weight. EMEA is around 30% and Americas 20%.

Ranking the companies by free float market capitalisation results in a list of companies representing all the three regions. The top 15 companies account for over 40% of the total free float market capitalisation. It should be noted that DLF (India) does not qualify due to limited free float (13%). The design for the index is yet to be signed off by the index com-

mittees and the results should merely serve as an indication at this stage. As we have indicated, markets in the emerging countries are highly active in terms of IPO's and other corporate actions. Therefore the list will change over time. This not only means several new entrants to the index, but may also lead to exclusion for companies currently on the list. We are currently monitoring market developments on a daily basis.

Based on our analysis so far, we envisage several developments in the emerging markets:

- Higher liquidity as a result of increased interest in the market.

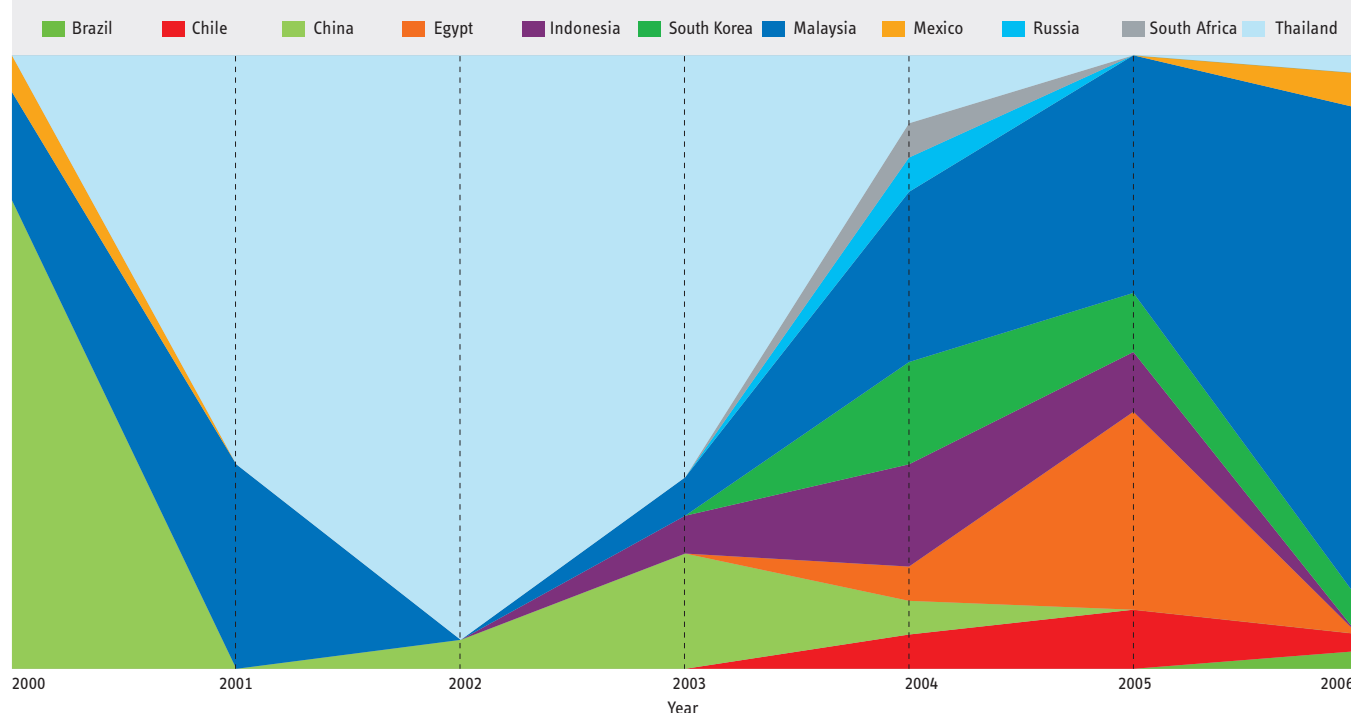
- Continued growth in the number of IPOs (figure 6)
- Following a broader trend to specialise in certain sectors, ie, offices, retail, etc.
- As market mature, the significant current weight of the developers will begin to diminish as longer term professional investment companies enter the market.

The FTSE EPRA/NAREIT Emerging Markets series is planned to be launched in 2008. The introduction aims to meet the demand by investors to expand on our current coverage of the developed markets. The index falls within the current structure developed by FTSE for developed/emerging countries.

To summarise:

- The Emerging market index can be viewed as a 'bolt on' addition to the current FTSE EPRA/NAREIT Global Real Estate Index.
- The benchmark will offer transparency and is independently-governed. The index rules will be freely available and are overseen by an independent committee of leading market professionals;
- Stocks are free float weighted to ensure that only the investable opportunity set is included within the indices;
- Stocks are liquidity screened to ensure that the index is tradable;
- Screening for earnings generated through real estate activities ensures all "pure-plays" of the industry are included. ◀

Figure 6: Real Estate IPO's.

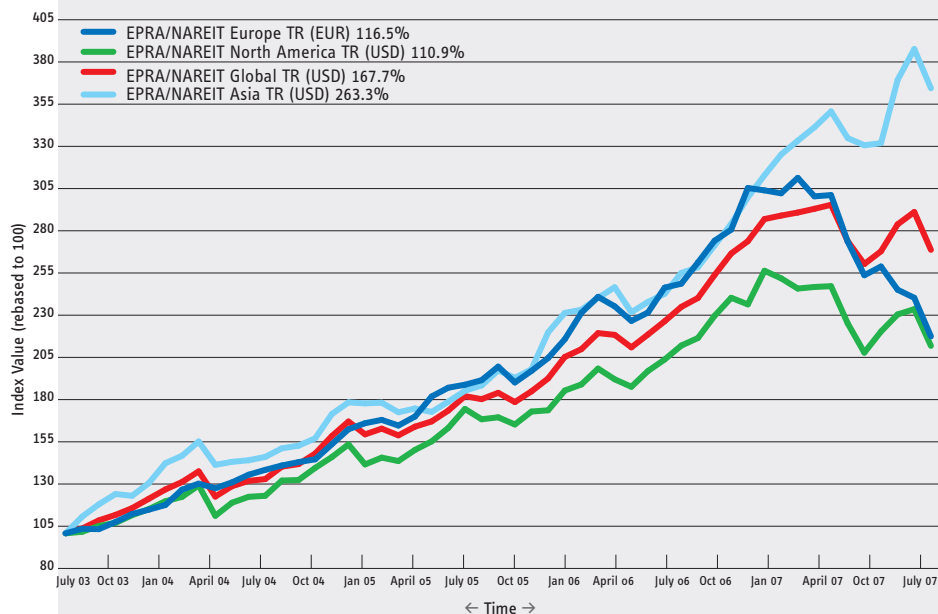




FTSE EPRA/NAREIT Global Real Estate Indices

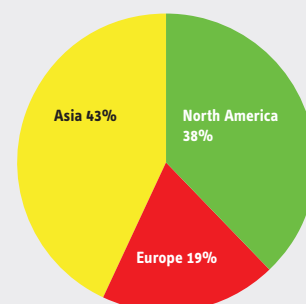
Global

EPRA/NAREIT GLOBAL REAL ESTATE INDEX

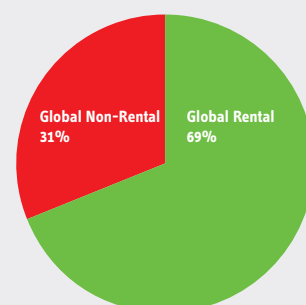


Company	Country	Investment Focus	Sector	Price	Dividend	Total
				Rtn (%) Nov-07		Rtn (%) Nov-07
▲ American Financial Realty *	US	Rental	Office	19.73	0.00	19.73
▲ Sino Land	HK	Non-Rental	Diversified	14.14	1.25	15.38
▲ Vastned Retail *	NL	Rental	Retail	12.55	0.00	12.55
▲ Sun Hung Kai Props	HK	Non-Rental	Diversified	9.81	1.09	10.90
▲ New World Development	HK	Non-Rental	Diversified	7.23	0.90	8.14
▼ U-Store-It Trust *	US	Rental	Self Storage	-22.09	0.00	-22.09
▼ Country Garden Holdings	HK	Non-Rental	Diversified	-22.98	0.00	-22.98
▼ Goldcrest	JP	Non-Rental	Residential	-24.13	0.00	-24.13
▼ Patrizia Immobilien	DE	Rental	Residential	-36.81	0.00	-36.81
▼ Invesco Property Income Trust UK	UK	Rental	Diversified	-49.71	1.97	-47.73

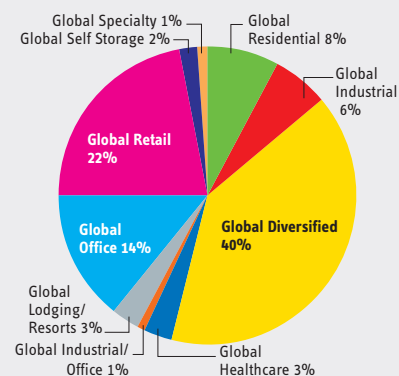
GLOBAL - REGIONAL BREAKDOWN BY MARKET CAP



GLOBAL INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - GLOBAL

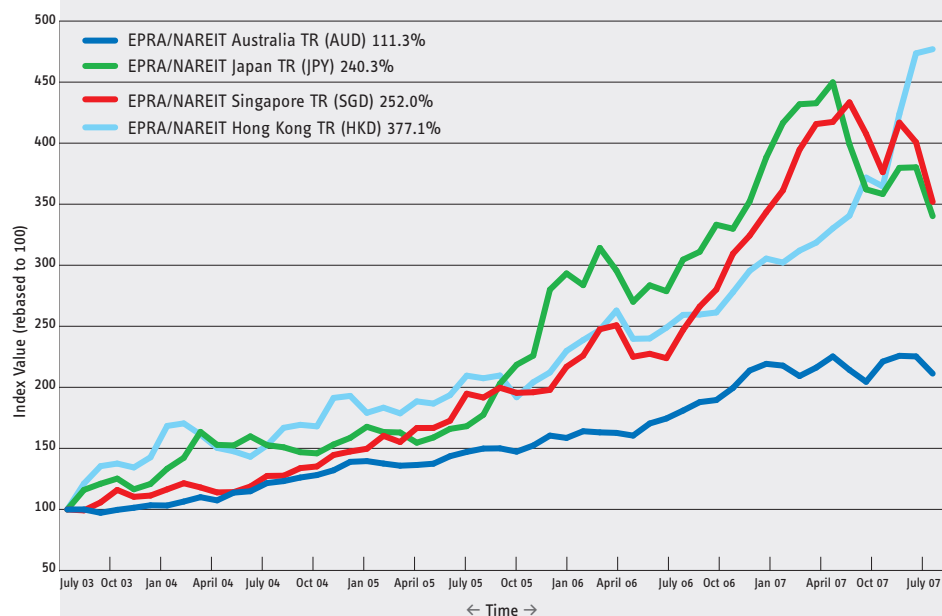


Index Description	Close Value Nov-30	Div Yld (%) Nov-30	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) Nov-30	Total Rtn (%) YTD	36 Mths Vity (%)
EPRA/NAREIT Europe TR (EUR)	2742.65	3.48	17.57	12.35	-22.59	-11.31	-28.86	15.79
EPRA/NAREIT Asia TR (USD)	3207.76	2.73	31.64	28.67	28.33	-1.35	21.59	13.16
EPRA/NAREIT North America TR (USD)	3715.64	4.51	20.68	13.28	-11.89	-8.11	-10.42	16.29
EPRA/NAREIT Global TR (USD)	3521.79	3.55	25.74	19.34	0.82	-5.33	-1.86	12.81



Asia

EPRA/NAREIT ASIA REAL ESTATE INDEX

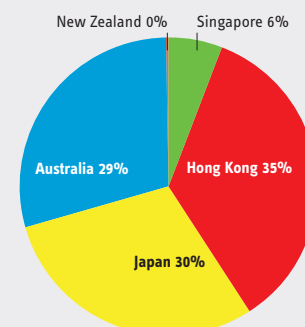


Company	Country	Investment Focus	Sector	Price Rtn (%)		Total Rtn (%)
				Nov-07	Dividend	Nov-07
▲ Sino Land	HK	Non-Rental	Diversified	14.14	1.25	15.38
▲ Sun Hung Kai Props	HK	Non-Rental	Diversified	9.81	1.09	10.90
▲ New World Development	HK	Non-Rental	Diversified	7.23	0.90	8.14
▲ Kerry Properties	HK	Non-Rental	Diversified	5.11	-	5.11
▲ ORIX JREIT *	JP	Rental	Office	4.47	-	4.47
▼ Kowloon Dev	HK	Non-Rental	Residential	-19.17	-	-19.17
▼ Shenzhen Investment	HK	Non-Rental	Diversified	-20.00	-	-20.00
▼ Premier Investment Co. *	JP	Rental	Diversified	-21.21	-	-21.21
▼ Centro Properties Group *	AU	Rental	Retail	-21.57	-	-21.57
▼ Goldcrest	JP	Non-Rental	Residential	-24.13	-	-24.13

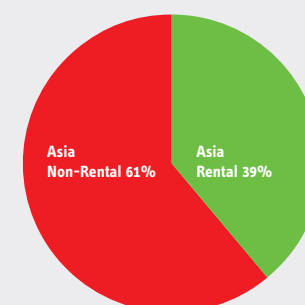
Index Description	Close Value	Div Yld (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	36 Mths Vltly (%)
	Nov-30	Nov-30	- 5 Yrs	- 3 Yrs	- 1 Yr	Nov-07	YTD	
EPRA/NAREIT Australia TR (AUD)	2943.9	5.75	17.45	16.95	5.89	-6.45	-1.17	11.85
EPRA/NAREIT Hong Kong TR (HKD)	3101.1	1.53	35.04	35.58	71.59	12.53	61.46	17.70
EPRA/NAREIT Japan TR (JPY)	3616.04	1.21	27.46	30.46	3.12	-10.42	-3.40	24.72
EPRA/NAREIT Singapore TR (SGD)	2032.66	2.49	34.84	34.50	13.71	-15.58	8.53	20.58

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

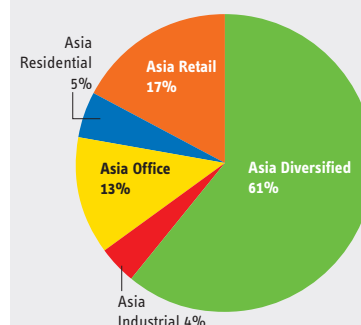
ASIA - COUNTRY BREAKDOWN BY MARKET CAP



ASIA INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - ASIA

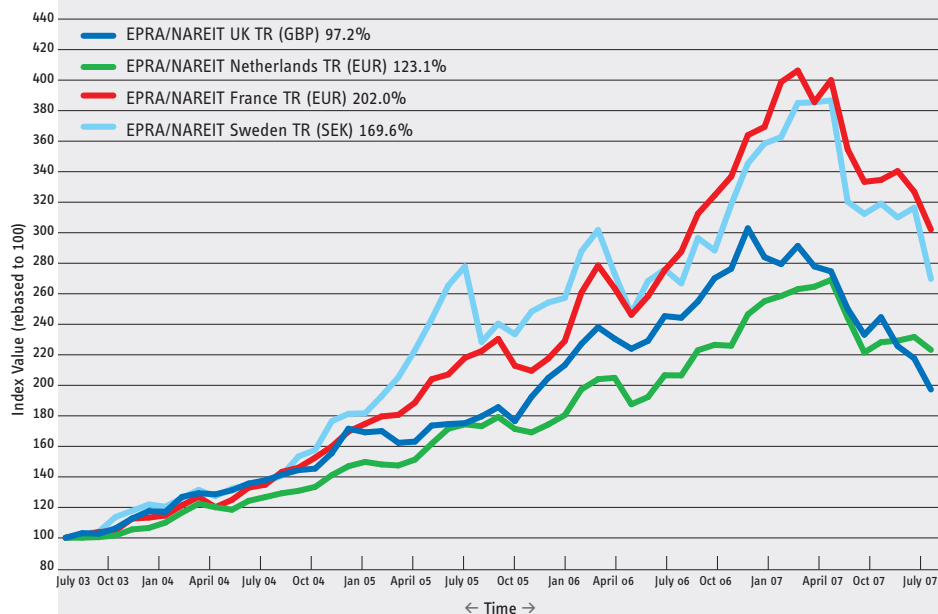




FTSE EPRA/NAREIT Global Real Estate Indices

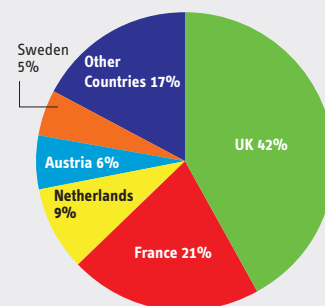
Europe

EPRA/NAREIT EUROPE REAL ESTATE INDEX

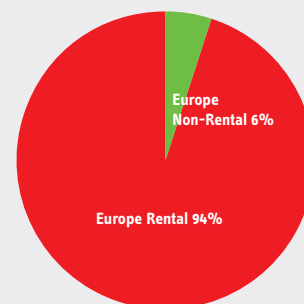


Company	Country	Investment Focus	Sector	Price Rtn (%)	Dividend	Total Rtn (%)
				Nov-07		Nov-07
▲ Vastned Retail *	NL	Rental	Retail	12.55	-	12.55
▲ Intervest Offices *	BE	Rental	Office	7.93	-	7.93
▲ UK Commercial Property Trust	UK	Rental	Diversified	4.18	1.69	5.87
▲ Big Yellow Group	UK	Rental	Self Storage	1.92	-	1.92
▲ Shaftesbury	UK	Rental	Diversified	1.78	-	1.78
▼ Mapeley	UK	Rental	Office	-23.30	2.46	-20.84
▼ Teesland Adv. Prop. Income	UK	Rental	Diversified	-21.08	0.02	-21.06
▼ Development Securities	UK	Non-Rental	Retail	-21.39	-	-21.39
▼ Patrizia Immobilien	DE	Rental	Residential	-36.81	-	-36.81
▼ Invesco Property Income Trust	UK	Rental	Diversified	-49.71	1.97	-47.73

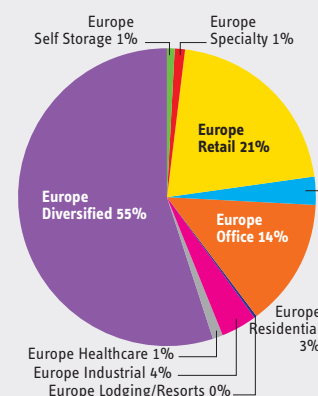
EUROPE - COUNTRY BREAKDOWN BY MARKET CAP



EUROPE INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - EUROPE

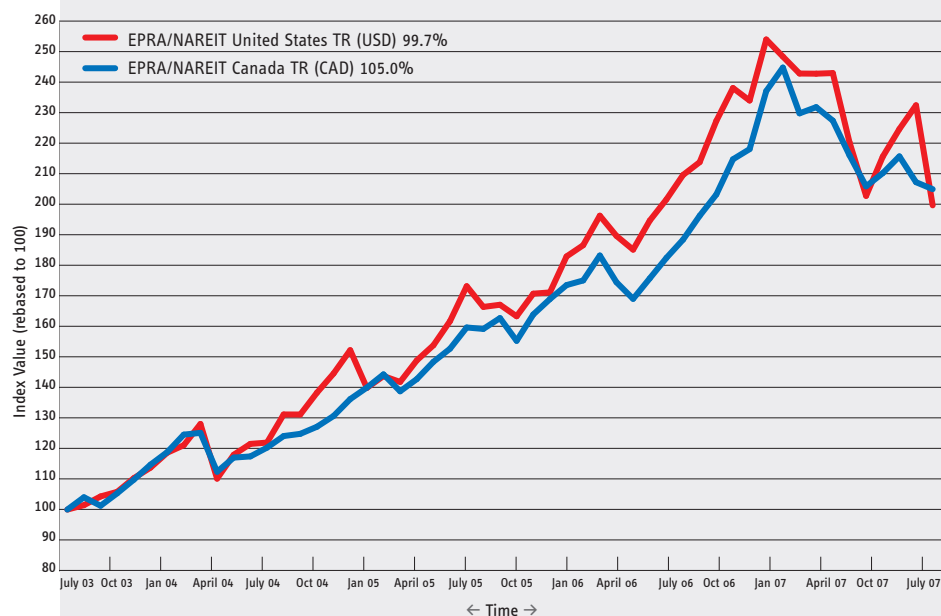


Index Description	Close Value Nov-30	Div Yld (%) Nov-30	Total Rtn (%) - 5 Yrs	Total Rtn (%) - 3 Yrs	Total Rtn (%) - 1 Yr	Total Rtn (%) Nov-30	Total Rtn (%) YTD	36 Mths Vity (%)
EPRA/NAREIT UK TR (GBP)	2581.92	2.86	16.85	8.24	-28.64	-12.62	-34.89	18.64
EPRA/NAREIT Netherlands TR (EUR)	3298.21	5.41	19.48	16.51	-1.21	-2.64	-9.45	15.50
EPRA/NAREIT France TR (EUR)	4138.44	3.68	26.70	23.63	-10.32	-11.27	-17.01	19.20
EPRA/NAREIT Sweden TR (SEK)	4613.15	6.62	25.77	18.96	-6.75	-4.21	-14.00	24.29



North America

EPRA/NAREIT NORTH AMERICA REAL ESTATE INDEX

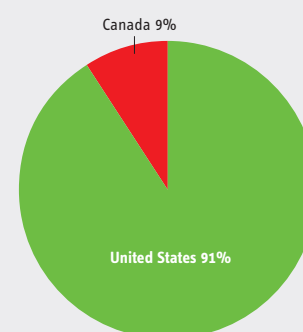


Company	Country	Investment Focus	Sector	Price Rtn (%)		Total Rtn (%)
				Nov-07	Dividend	Nov-07
▲ American Financial Realty *	US	Rental	Office	19.73	-	19.73
▲ Corrections Corp of US	US	Rental	Specialty	7.84	-	7.85
▲ Northern Property REIT *	CA	Rental	Residential	5.33	0.58	5.92
▲ Cominar REIT *	CA	Rental	Diversified	4.59	0.53	5.12
▲ Boardwalk REIT *	CA	Rental	Residential	3.82	0.34	4.17
▼ Colonial Properties *	US	Rental	Residential	-21.83	1.60	(20.24)
▼ Brandywine Realty Trust *	US	Rental	Office	-20.75	-	(20.76)
▼ GMH Communities Trust *	US	Rental	Residential	-20.86	-	(20.87)
▼ Ashford Hospitality *	US	Rental	Lodging/Resorts	-21.34	-	(21.34)
▼ U-Store-It Trust *	US	Rental	Self Storage	-22.09	-	(22.09)

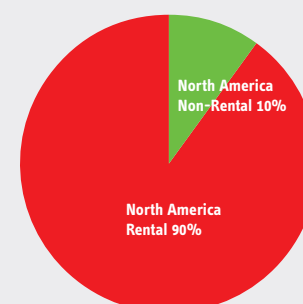
Index Description	Close Value	Div Yld (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	36 Mths Vity (%)
	Nov-30	Nov-30	- 5 Yrs	- 3 Yrs	- 1 Yr	Nov-30	YTD
EPRA/NAREIT Canada TR (CAD)	3520.5	5.45	17.65	14.89	(7.74)	(8.15)	13.16
EPRA/NAREIT United States TR (USD)	3641.78	4.42	20.14	12.63	(13.26)	(8.06)	16.70

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

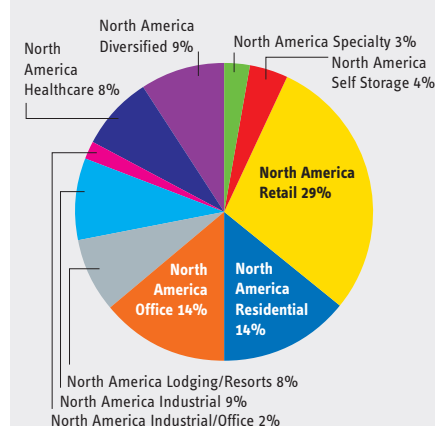
NORTH AMERICA - COUNTRY BREAKDOWN BY MARKET CAP



NORTH AMERICA INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - NORTH AMERICA



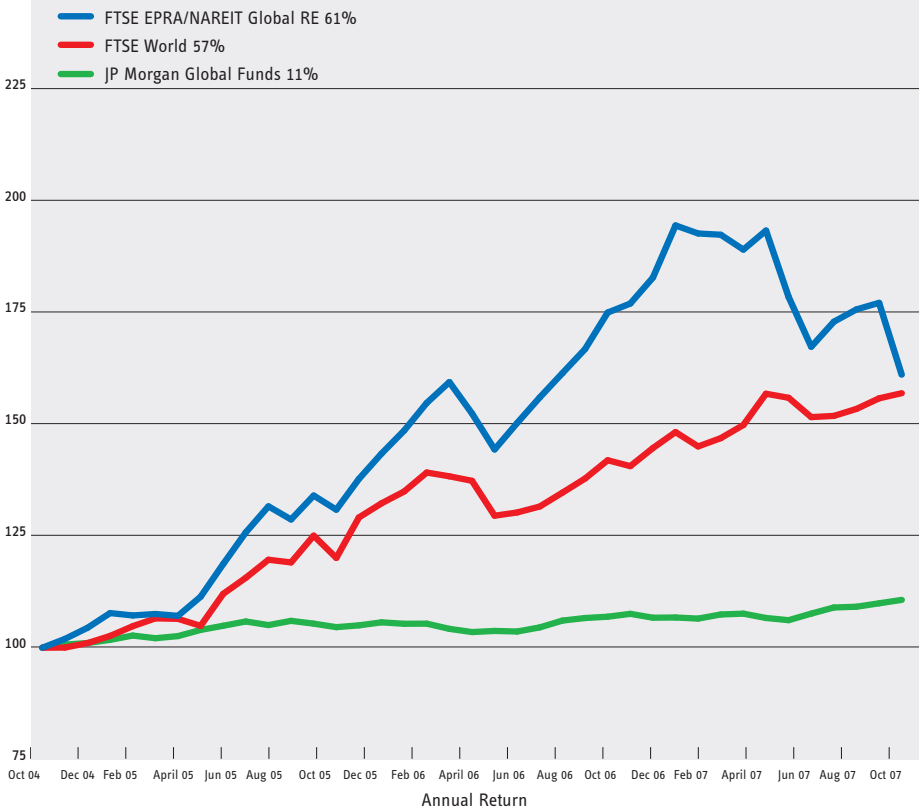


Global Real Estate Universe							
	2006 GDP	2006 GDP	2006 Real Estate	Nov-07 Total	Nov-07 Total RE	Nov-07 Stock Market	Nov-07 Stk Mkt
Countries	(\$ Bn)	per capita (\$)	(\$ Bn)	Listed (\$ Bn)	v Listed RE (%)	(\$ Bn)	v Listed RE (%)
Japan	4,436	34,840	1,996	193,5	9.69%	4,725	4.10%
Hong Kong/China	2,469	1,891	506	201,0	39.71%	6,645	3.02%
South Korea	784	16,253	329	1,1	0.33%	1,123	0.10%
India	804	754	121	9,6	7.91%	1,610	0.60%
Australia	713	35,785	321	163,9	51.10%	1,453	11.28%
Taiwan	340	14,965	139	5,1	3.67%	729	0.70%
Indonesia	307	1,286	55	0,1	0.25%	197	0.07%
Thailand	182	2,804	43	3,5	8.23%	204	1.72%
Malaysia	133	5,650	39	0,7	1.78%	307	0.23%
Singapore	119	27,236	107	51,0	47.79%	500	10.21%
New Zealand	102	25,567	50	2,8	5.61%	43	6.44%
Philippines	102	1,178	18	4,9	27.55%	97	5.06%
Vietnam	53	644	8	-	0.00%	-	0.00%
Total Asia-Pacific	10,543	19,997	3,732	637,2	17.07%	17,634	3.61%
Germany	2,796	33,916	1,258	15,4	1.22%	2,167	0.71%
United Kingdom	2,205	36,592	1,241	94,0	7.58%	4,186	2.25%
France	2,122	35,123	955	77,5	8.12%	2,845	2.72%
Italy	1,762	30,354	793	6,9	0.87%	1,125	0.62%
Spain	1,123	27,879	505	35,0	6.92%	1,155	3.03%
Russia	364	2,490	82	5,0	6.12%	964	0.52%
Netherlands	625	38,326	281	13,5	4.81%	609	2.23%
Switzerland	366	49,121	165	6,4	3.90%	1,250	0.51%
Belgium	371	35,812	167	5,3	3.19%	415	1.28%
Sweden	362	40,254	163	18,3	11.27%	595	3.08%
Turkey	355	5,148	102	-	0.00%	274	0.00%
Austria	305	37,343	137	18,9	13.78%	269	7.03%
Poland	299	7,731	98	6,4	6.50%	215	2.97%
Norway	286	62,568	129	2,9	2.22%	407	0.70%
Denmark	258	47,678	116	2,0	1.76%	257	0.80%
Greece	225	21,123	101	2,0	2.02%	261	0.78%
Ireland	202	50,931	91	-	0.00%	137	0.00%
Finland	195	37,418	88	2,5	2.84%	371	0.67%
Portugal	183	17,394	79	-	0.00%	148	0.00%
Czech Republic	92	8,959	32	-	0.00%	74	0.00%
Hungary	107	10,680	39	0,3	0.64%	46	0.55%
Romania	99	4,444	27	0,4	1.48%	39	1.02%
Ukraine	81	1,659	16	-	0.00%	95	0.00%
Slovakia	27	4,959	8	-	0.00%	9	0.00%
Slovenia	28	13,872	11	-	0.00%	27	0.00%
Luxembourg	37	80,153	17	-	0.00%	29	0.00%
Bulgaria	28	3,682	7	-	0.00%	19	0.00%
Total Europe	14,903	32,408	6,706	312,8	4.66%	17,988	1.74%
Mexico	767	7,304	247	0,1	0.04%	397	0.03%
Brazil	880	4,780	246	0,6	0.24%	1,329	0.05%
Argentina	184	4,705	51	0,6	1.17%	550	0.11%
Venezuela	147	5,877	44	-	0.00%	9	0.00%
Colombia	119	2,807	28	-	0.00%	90	0.00%
Chile	121	7,620	39	0,4	1.02%	211	0.19%
Peru	81	2,948	19	0,1	0.52%	75	0.13%
Total Latin America	2,298	5,668	674	1,8	0.27%	2,662	0.07%
United States	12,449	42,485	5,602	446,6	7.97%	17,801	2.51%
Canada	1,116	34,316	502	42,6	8.48%	1,710	2.49%
Total Nth America	13,565	41,813	6,104	489,2	8.01%	19,511	2.51%
World	41,309	-	17,216	1,441,0	8.37%	57,795	2.49%

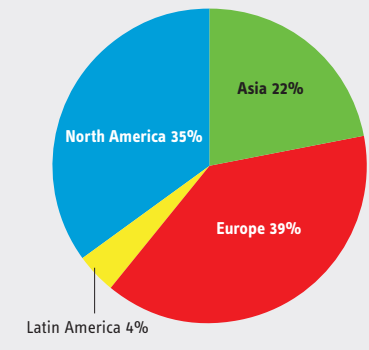
Sources: World Bank Organisation, FTSE, EPRA.



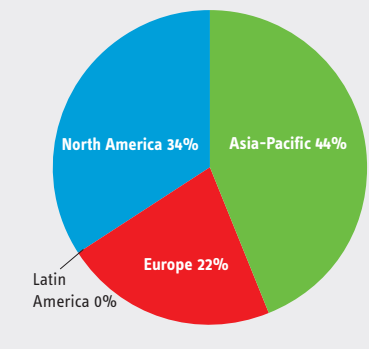
Global Real Estate vs Equities & Bonds



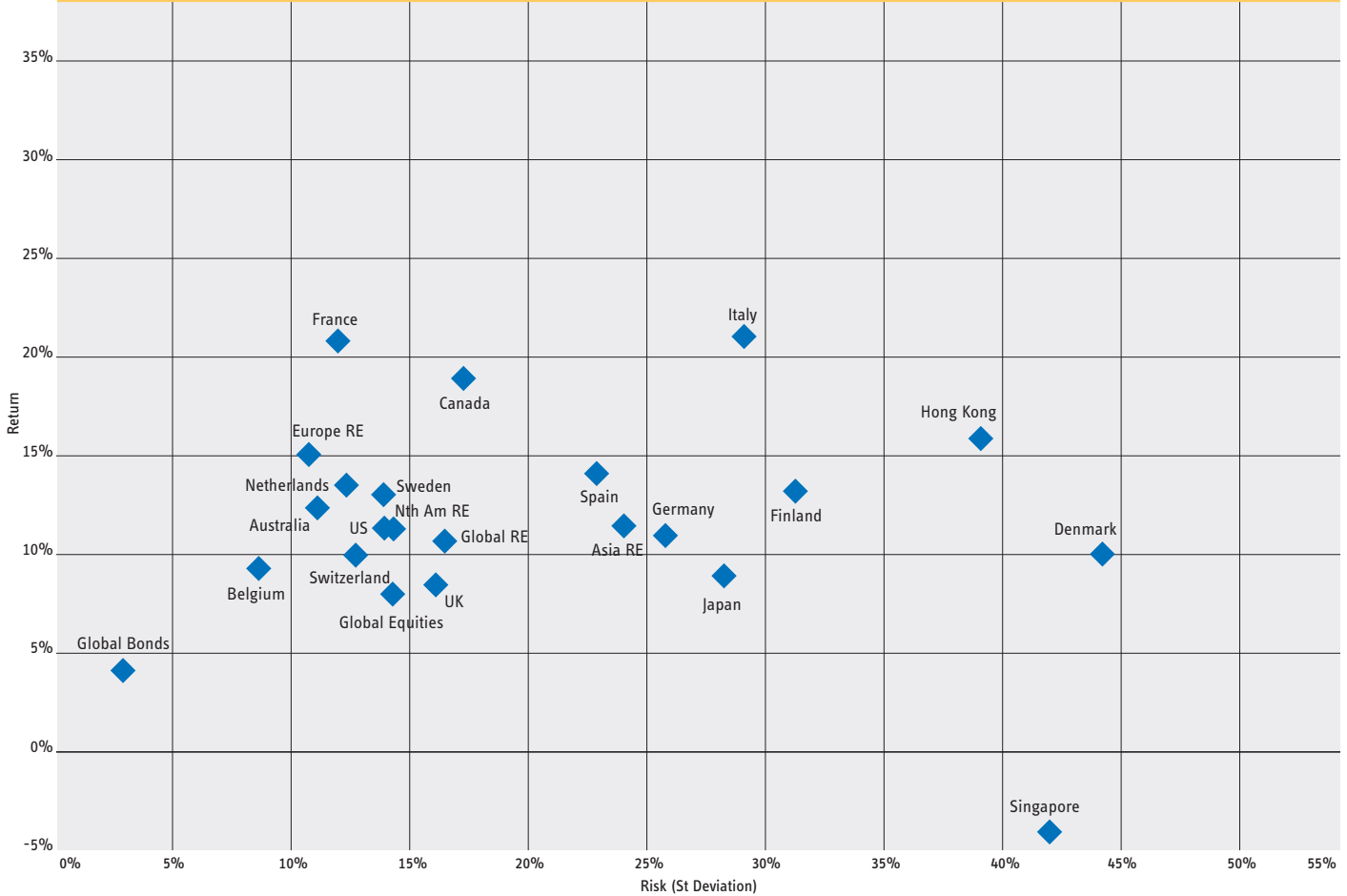
Underlying Real Estate



Listed Real Estate



Rolling 10 Years Risk/Return Profiles Local Currencies - Countries





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 five working committees. 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 (pictured). 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.

Committee Members:

Hans Grönloh – KPMG (Chairman)
Ad Buisman – Ernst & Young
Olaf Borkers – Deutsche Euroshop
Luciano Gabriel – PSP Swiss Property
Jeppe De Boer
Hans Bruggink – EPRA
David Sleath – SEGRO
Markus Schmidt – PriceWaterhouseCoopers
David Holt – Land Securities
Pierre-Hugues Bonnefoy – Deloitte
George Yungmann – NAREIT
Frank Hijzen – Wereldhave

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 separate sub-committees: the Global Index Supervisory committee, the regional Index Committees, and the Academic Circle.

(a) Global Index Supervisory Committee

Mark Makepeace – FTSE
Steve Wechsler – NAREIT
Philip Charls – EPRA
Ted Bigman – Morgan Stanley
Brett Ward – AMP Capital Redding Investors
John Hammond – REEFF
Steve Carroll – CBRE Global Real Estate Securities
Christopher Gee – JP Morgan

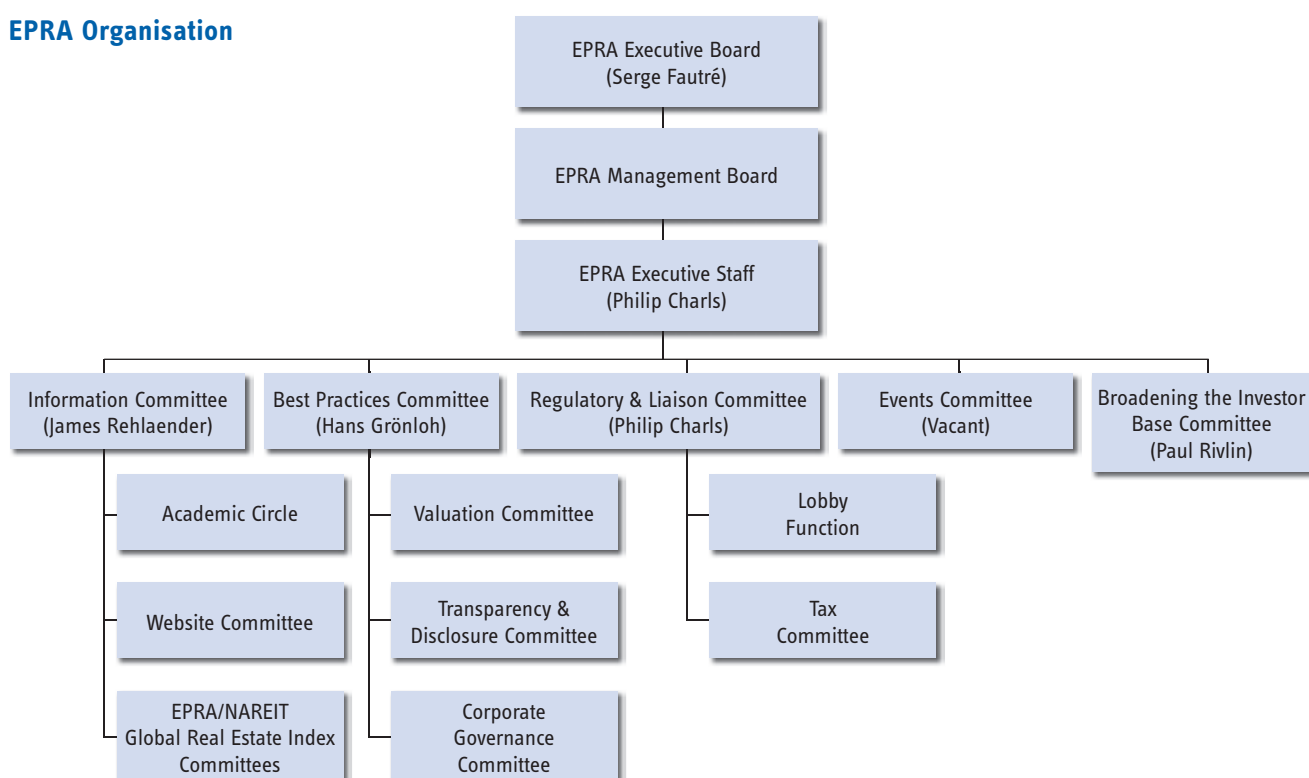
Asia-Pacific

Christopher Gee – JP Morgan (Chairman)
Mark Thorp-Apps – Pengana Capital
Chris Reilly – Henderson Global Investors
Robert-Jan Foortse – ABP
Stuart Keighran – Alliance Bernstein
Andrew Parsons – Resolution Capital
Mark Ferguson – AMP Capital Redding Investors

Europe

John Hammond – REEFF (Chairman)
Jeremy Anagnos – CBRE Global Real Estate Securities
Philippe Le Trung – Citigroup

EPRA Organisation





Laurent Wunderli – UBS Asset Management
 Rafael Torres Villalba – ABP
 Jan-Willem Vis – ABN Amro Asset Management
 Frederic Tempel – AXA Investment Management

North America

Steve Carroll – CBRE Global Real Estate Securities (Chairman)
 Rich Sweigard – KG Redding
 Bram Liebrand – Cordares Vastgoed
 Neil Downey – Royal Bank of Canada
 Keith Pauley – LaSalle Investment Management
 Steve Burton – ING Clarion
 Christina Chui – Morgan Stanley

(b) Academic Circle

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. Chairman of the Academic Circle is Martin Allen of Morgan Stanley.

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
- Université Paris Dauphine
- Wharton School, Zell – Laurie Real Estate Center

The Academic Circle has produced a number of research documents including:

- The Diversification Benefits of European Property Stocks - University of Western Sydney
- The Diversification Benefits of European and Global Property Stocks - an update - University of Cambridge
- An Evaluation of Property Discounts across Europe - University of Cambridge
- Demographic Changes and the effects on Property Demand - University of Rotterdam
- Correlations of Property Stocks versus Other Asset Classes - IREIBS

All of these reports are available under the 'Research' section of www.epra.com.

We have recently commissioned two separate reports on sustainability to be undertaken by Graeme Newell at the University of Western Sydney and Tony Ciochetti at MIT respectively. Both reports will focus on European property companies and the efforts they are taking in this area.

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 Philip Charls. 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.



(a) Tax Committee

The Tax Committee, chaired by Matthias Roche of Ernst & Young (pictured) in Germany, has two objectives. Firstly the committee maintains an inventory of worldwide tax transparent structures and 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.

Committee Members:

Matthias Roche – Ernst & Young (Chairman)
 Ronald Wijs – Loyens & Loeff
 Uwe Stoschek – Price Waterhouse Coopers

4. Events Committee

The primary objective of this committee 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. We are in the process of inviting members onto next year's events committee.



5. Broadening the Investor Base Committee

This committee was set up in 2005 and is currently under the supervision of Paul Rivlin of EuroHypo (pictured) 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.

Committee Members:

Paul Rivlin – Eurohypo (Chairman)
 Nick Tyrrell – JP Morgan
 Scott Crowe – Cohen & Steers
 Piet Eichholtz – University of Maastricht

The committee has issued two reports so far:

- The Diversification Benefits of European and Global Property Stocks - University of Cambridge
- The Correlation of Property Stocks versus Other Asset Classes - IREIBS

The correlations report will be updated including data up to the end of 2007, with scheduled publication date Q1 2008.

In addition, in discussions with various EPRA members, they identified areas which would help the committee move forward:

- Get a clear picture of capital flows in the industry, with the ability to pin-point investors backgrounds;
- Introduce a Net Asset Value index series, based on the FTSE EPRA/NAREIT European country indices to further understand the relationship between share price movement and underlying NAV.
- Introduce an Earnings per Share index series based on the FTSE EPRA/NAREIT Europe Index. ◀



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The EPRA team wishes you a

*Merry Christmas
&
Happy New Year*



Philip W. Charls



Fraser Hughes



Hans C Bruggink



Ali M. Zaidi



Lennie Stegeman



Laurens te Beek



Talitha Stegeman

