

**AME Capital**

**GLOBAL REAL ESTATE  
EQUITY RESEARCH**

**MONTHLY REPORT  
for  
December  
2006**

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# Summary

## Real Estate Equities

### December

- Our Global Universe of over 2000 companies in over 60 countries produced a market capitalisation weighted total return of 4.9% in December (November + 3.9%).
- All regions showed positive returns this month. November's returns are in brackets.

UK	+9.2%	(+2.9%)	South America	+4.9%	(+3.6%)
North/East Europe	+8.8%	(+4.8%)	Africa	+3.5%	(+14.5%)
Western Europe	+7.7%	(+2.3%)	Southern Europe	+3.3%	(+7.8%)
Far East	+7.5%	(+5.4%)	Middle East	+1.1%	(- 14.3%)
Oceania	+6.9%	(+4.8%)	North America	+0.5%	(+4.8%)

### 2006

- For the year to December 2006 our Global Universe (excluding the Middle East) produced a return of +36.9%. Including the Middle East this reduces to +31.8%. The European regions, particularly Southern Europe where there was intense corporate activity, were the best performers.

Southern Europe	+65.0%	Far East	+34.7%
North/East Europe	+50.3%	North America	+34.0%
UK	+48.1%	Oceania	+32.9%
South America	+47.4%	Africa	+17.0%
Western Europe	+42.9%	Middle East	-35.5%

## IPOs

- An extremely active end to the year, with 44 IPOs globally adding over £7bn to our Global universe. The Far East (16 issues, combined market capitalisation £2.2bn) and the UK (9 issues, market capitalisation £1.8bn). Of note was the continuance of Brazilian issues on the back of continued strong performance in that market.

## REITs

- The best performing major REIT markets in December were France (+12.1%) and Singapore (+9.2%), with Hong Kong (+0.3%) and the US (-0.4%) the worst. For 2006 France (+60.1%), and Singapore (+47.2%) were the leading major markets, with Thailand (+50.2%) the leading emerging REIT market. Only Malaysia (-6.9%) and Turkey (-13.1%) produced negative returns.

## Sector Funds

- Reflecting the strength of the European markets our universe of European Property securities Funds produced an unweighted average total return of 7.7% in December, and our universe of Global Property Securities Funds a total return of 3.5%. For the year to December European Funds showed a total return of 44.9% and Global Funds a total return of 34.8%

\* Note1: All stock returns quoted in this article are total returns in local currency.

\* Note2: Country and Regional returns are weighted by pounds sterling market capitalisation.

\* Note3: Return numbers were frozen on the 31<sup>st</sup> December 2006.

\* Note4: Return numbers are sourced from Bloomberg

# The Global Real Estate Equity Market – December Returns

**Table 1: Analysis of global real estate equity returns by country for December 2006**

Listing Country	1 month return Real Estate Equity %	1 month return Equity Market %	1 month return Relative
<b>Africa</b>	<b>3.45</b>		
South Africa	2.73	5.28	-2.42
Morocco	1.72	3.01	-1.25
Botswana	9.89	1.25	8.53
Mauritius	-11.11	-2.86	-8.50
Tunisia	-0.78	0.32	-1.09
Namibia	0.61	n/a	n/a
<b>Far East</b>	<b>7.53</b>		
Hong Kong	7.51	8.76	-1.15
Japan	5.53	6.44	-0.85
Singapore	8.70	6.34	2.22
China	17.48	13.63	3.39
Malaysia	7.45	3.42	3.90
Taiwan	-2.45	4.04	-6.24
India	13.36	1.20	12.02
Philippines	8.30	7.13	1.09
Thailand	-6.18	-7.54	1.47
Indonesia	10.03	5.96	3.84
South Korea	-0.89	0.16	-1.05
Vietnam	n/a	n/a	n/a
Sri Lanka	-3.57	n/a	n/a
<b>Middle East</b>	<b>1.13</b>		
UAE	2.06	0.86	1.19
Israel	1.99	0.41	1.57
Kuwait	2.71	3.20	-0.48
Saudi Arabia	-9.07	-10.17	1.22
Lebanon	2.30	-3.63	6.16
Qatar	12.80	15.89	-2.67
Egypt	16.63	5.72	10.32
Jordan	-16.86	n/a	n/a
Bahrain	8.10	1.76	6.23
<b>North America</b>	<b>0.51</b>		
US	0.23	2.28	-2.01
Canada	2.76	2.18	0.57
Bermuda	n/a	n/a	n/a
<b>Northern &amp; Eastern Europe</b>	<b>8.79</b>		
Sweden	12.38	6.96	5.06
Norway	13.95	6.31	7.19
Poland	0.82	-0.03	0.85
Finland	14.63	2.82	11.49
Denmark	-5.59	4.40	-9.56
Russia	0.65	5.08	-4.21
Hungary	10.09	7.34	2.57
Czech Republic	n/a	n/a	n/a
Bulgaria	0.81	5.27	-4.24
Latvia	n/a	n/a	n/a
<b>South America</b>	<b>4.88</b>		
Brazil	1.36	9.40	-7.34
Mexico	18.40	6.97	10.68
Argentina	7.75	8.88	-1.03
Chile	4.59	6.07	-1.39
Peru	n/a	n/a	n/a
Venezuela	4.17	20.95	-13.88
<b>Southern Europe</b>	<b>3.33</b>		
Spain	1.75	1.39	0.35
Italy	6.86	2.62	4.13
Greece	18.91	2.28	16.25
Turkey	2.59	2.76	-0.16
Cyprus	25.10	2.68	21.84
Portugal	0.93	5.48	-4.31
Malta	n/a	n/a	n/a
<b>UK</b>	<b>9.21</b>		
UK	9.21	2.86	6.18
<b>Western Europe</b>	<b>7.71</b>		
France	8.70	3.01	5.52
Netherlands	8.58	2.77	5.66
Germany	6.02	4.09	1.85
Austria	6.85	10.18	-3.01
Belgium	2.35	5.40	-2.89
Switzerland	6.41	3.02	3.29
Ireland	16.74	7.77	8.33
<b>Oceania</b>	<b>6.93</b>		
Australia	6.77	4.54	2.13
New Zealand	11.84	5.90	5.61

# The Global Real Estate Equity Market – 2006 Returns

**Table 2: Analysis of global real estate equity returns by country for 2006**

Listing Country	1 year return Real Estate Equity %	1 year return Equity Market %	1 year return Relative
<b>Africa</b>	<b>17.00</b>		
South Africa	25.46	41.06	-11.06
Morocco	28.31	19.47	7.39
Botswana	-8.26	74.24	-47.35
Mauritius	98.76	50.92	31.70
Tunisia	87.37	44.33	29.82
Namibia	17.86	n/a	n/a
<b>Far East</b>	<b>34.66</b>		
Hong Kong	40.25	41.37	-0.79
Japan	10.71	2.00	8.54
Singapore	58.96	36.98	16.05
China	90.25	98.18	-4.00
Malaysia	30.93	26.59	3.43
Taiwan	100.69	27.68	57.18
India	77.28	42.25	24.62
Philippines	62.78	46.13	11.40
Thailand	31.04	0.21	30.77
Indonesia	53.07	61.08	-4.97
South Korea	7.17	3.42	3.63
Vietnam	n/a	n/a	n/a
Sri Lanka	n/a	n/a	n/a
<b>Middle East</b>	<b>-35.51</b>		
UAE	-47.65	-41.07	-11.17
Israel	71.82	13.58	51.28
Kuwait	-18.37	-12.04	-7.20
Saudi Arabia	-72.11	-52.27	-41.56
Lebanon	-9.33	-5.61	-3.94
Qatar	-36.70	-33.35	-5.03
Egypt	6.85	10.71	-3.49
Jordan	-13.00	n/a	n/a
Bahrain	-1.32	38.78	-28.90
<b>North America</b>	<b>34.03</b>		
US	33.74	20.14	11.32
Canada	34.33	17.01	14.80
Bermuda	n/a	n/a	n/a
<b>Northern &amp; Eastern Europe</b>	<b>50.34</b>		
Sweden	43.80	26.66	13.53
Norway	39.38	33.49	4.41
Poland	135.24	40.10	67.91
Finland	65.17	20.94	36.57
Denmark	3.06	16.96	-11.88
Russia	96.85	51.14	30.24
Hungary	95.48	19.26	63.92
Czech Republic	0.00	n/a	n/a
Bulgaria	-75.50	48.28	-83.48
Latvia	31.49	-2.47	34.83
<b>South America</b>	<b>47.38</b>		
Brazil	36.21	41.67	-3.86
Mexico	75.26	50.46	16.48
Argentina	44.36	53.38	-5.88
Chile	13.71	34.85	-15.67
Peru	n/a	n/a	n/a
Venezuela	150.00	183.93	-11.95
<b>Southern Europe</b>	<b>65.03</b>		
Spain	76.37	38.17	27.64
Italy	45.62	22.66	18.72
Greece	77.03	21.16	46.11
Turkey	-12.08	0.18	-12.23
Cyprus	95.87	130.74	-15.11
Portugal	n/a	n/a	n/a
Malta	n/a	n/a	n/a
<b>UK</b>	<b>48.13</b>		
UK	48.13	16.78	26.85
<b>Western Europe</b>	<b>42.92</b>		
France	54.15	19.47	29.02
Netherlands	44.75	16.10	24.68
Germany	42.08	21.64	16.81
Austria	25.90	29.34	-2.67
Belgium	10.46	26.60	-12.75
Switzerland	24.03	19.87	3.47
Ireland	42.10	30.85	8.60
<b>Oceania</b>	<b>32.93</b>		
Australia	32.84	26.26	5.21
New Zealand	25.03	22.23	2.28

# The Global Real Estate Equity Market – Market Composition

**Table 3: Global real estate equity markets by size and number of companies**

Listing Country	Number of Companies	Market cap > £100m	Market cap > £1bn	Sector Mkt cap £	% of Global Listed Real Estate Equity mkt
<b>Africa</b>	<b>42</b>	<b>18</b>	<b>2</b>	<b>8,894,272,775</b>	<b>0.9%</b>
South Africa	33	16	0	5,190,735,505	0.5%
Morocco	2	1	1	2,359,594,107	0.2%
Botswana	2	1	1	1,303,095,729	0.1%
Mauritius	1	0	0	25,746,335	0.0%
Tunisia	3	0	0	15,101,099	0.0%
Namibia	1	0	0	n/a	n/a
<b>Far East</b>	<b>718</b>	<b>333</b>	<b>66</b>	<b>312,764,878,870</b>	<b>32.5%</b>
Hong Kong	119	66	28	120,678,596,012	12.6%
Japan	163	103	16	98,667,763,546	10.3%
Singapore	55	37	11	36,098,613,327	3.8%
China	88	49	7	25,600,811,056	2.7%
Malaysia	98	17	1	8,027,398,851	0.8%
Taiwan	48	23	0	6,220,866,976	0.6%
India	17	9	1	6,148,460,281	0.6%
Philippines	38	6	2	4,967,807,695	0.5%
Thailand	43	14	0	3,615,333,114	0.4%
Indonesia	33	6	0	1,895,955,698	0.2%
South Korea	14	2	0	677,136,063	0.1%
Vietnam	1	1	0	128,767,278	0.0%
Sri Lanka	1	0	0	37,368,970	0.0%
<b>Middle East</b>	<b>151</b>	<b>59</b>	<b>5</b>	<b>37,136,074,441</b>	<b>3.9%</b>
UAE	6	6	1	14,230,735,014	1.5%
Israel	79	22	1	9,047,631,479	0.9%
Kuwait	32	19	1	5,990,494,931	0.6%
Saudi Arabia	7	7	1	4,322,956,341	0.4%
Lebanon	1	1	1	1,339,712,608	0.1%
Qatar	2	2	0	1,171,257,082	0.1%
Egypt	12	2	0	687,368,593	0.1%
Jordan	10	0	0	255,374,748	0.0%
Bahrain	2	0	0	90,543,645	0.0%
<b>North America</b>	<b>390</b>	<b>222</b>	<b>74</b>	<b>296,571,082,390</b>	<b>30.8%</b>
US	303	189	68	263,715,731,501	27.4%
Canada	86	33	6	32,855,350,889	3.4%
Bermuda	1	0	0	n/a	n/a
<b>Northern &amp; Eastern Europe</b>	<b>76</b>	<b>38</b>	<b>8</b>	<b>23,601,870,277</b>	<b>2.5%</b>
Sweden	24	16	6	11,774,112,494	1.2%
Norway	7	7	0	3,548,232,441	0.4%
Poland	4	3	1	2,941,013,918	0.3%
Denmark	14	5	0	1,862,379,399	0.2%
Finland	6	3	0	1,563,190,877	0.2%
Russia	3	2	1	1,384,234,809	0.1%
Hungary	3	1	0	225,863,425	0.0%
Czech Republic	2	1	0	164,400,397	0.0%
Bulgaria	12	0	0	137,964,464	0.0%
Latvia	1	0	0	478,054	0.0%
<b>South America</b>	<b>20</b>	<b>13</b>	<b>2</b>	<b>6,787,264,487</b>	<b>0.7%</b>
Brazil	9	9	1	4,878,693,336	0.5%
Mexico	1	1	1	1,147,693,922	0.1%
Argentina	2	2	0	502,248,578	0.1%
Chile	5	1	0	192,077,273	0.0%
Peru	2	0	0	42,593,569	0.0%
Venezuela	1	0	0	23,957,810	0.0%
<b>Southern Europe</b>	<b>64</b>	<b>35</b>	<b>12</b>	<b>42,994,329,814</b>	<b>4.5%</b>
Spain	26	18	9	32,888,572,926	3.4%
Italy	14	10	3	7,315,885,021	0.8%
Greece	7	5	0	1,906,560,137	0.2%
Turkey	10	2	0	756,971,293	0.1%
Cyprus	3	0	0	112,925,908	0.0%
Portugal	3	0	0	13,414,527	0.0%
Malta	1	0	0	n/a	n/a
<b>UK</b>	<b>163</b>	<b>95</b>	<b>15</b>	<b>75,367,856,493</b>	<b>7.8%</b>
UK	163	95	15	75,367,856,493	7.8%
<b>Western Europe</b>	<b>240</b>	<b>94</b>	<b>23</b>	<b>94,377,556,445</b>	<b>9.8%</b>
France	73	35	12	42,430,808,059	4.4%
Netherlands	13	9	4	15,897,596,722	1.7%
Germany	85	22	2	14,387,539,991	1.5%
Austria	12	9	3	13,184,959,477	1.4%
Belgium	41	10	1	3,934,745,260	0.4%
Switzerland	13	7	1	3,922,688,758	0.4%
Ireland	3	2	0	619,218,179	0.1%
<b>Oceania</b>	<b>144</b>	<b>63</b>	<b>13</b>	<b>63,072,897,594</b>	<b>6.6%</b>
Australia	131	58	13	61,465,250,367	6.4%
New Zealand	13	5	0	1,607,647,227	0.2%
<b>Grand Total</b>	<b>2008</b>	<b>970</b>	<b>220</b>	<b>961,568,083,584</b>	<b>100.0%</b>

# IPO Activity

- An exceptionally busy end to the year with the most notable features being the continued number of UK listings for companies with assets overseas, growth in the Far East markets, and the development of a South American property securities market.

**Table 4: IPOs in December 2006**

REIT & Non-REIT IPO'S	Listing Country	Listing date	Local Currency	IPO Price (local currency)	Current Price (local currency)	% change since IPO	Market Cap at 31/12/06 (€m)
<b>Oceania</b>							
Galileo Japan Trust	Australia	12/18/2006	AUD	1.0	1.06	6%	121
ING Industrial Fund	Australia	12/22/2006	AUD	2.25	2.33	4%	128
Kermadec Property Fund Ltd	New Zealand	12/8/2006	NZD	1	1.08	8%	24
							<b>273</b>
<b>South America</b>							
LPS Brasil Consultoria de Imoveis SA	Brazil	12/18/2006	BRL	20.75	23.5	13%	269
LA Fonte Participacoes SA	Brazil	12/27/2006	BRL	1.1	1.1	0%	246
							<b>515</b>
<b>Northern &amp; Eastern Europe</b>							
ECM Real Estate Investments AG	Czech Republic	12/7/2006	CZK	1318.3	1432	9%	131
Faktor Eiendom ASA	Norway	12/8/2006	NOK	35	29.5	-16%	155
Allokton AB	Sweden	18/12/06	SEK	26	24.8	-5%	18
World Trade Center Moscow	Russia	12/13/2006	USD	0.55	0.56	2%	310
							<b>614</b>
<b>Western Europe</b>							
Inea Promesses	France	12/8/2006	EUR	40	39.5	-1%	74
Klemurs Promesses	France	12/8/2006	EUR	23.95	31.38	31%	174
Terreis	France	12/22/2006	EUR	8.88	11.72	32%	40
SeLogger.com	France	12/1/2006	EUR	22.5	24	7%	264
Alta Fides AG	Germany	12/8/2006	EUR	17	16.51	-3%	78
ResProp Immobilien AG	Germany	11/30/2006	EUR	2.71	3	11%	3
Yatra Capital Ltd	Netherlands	12/6/2006	EUR	10	11.24	12%	76
SE Swiss Estates AG	Switzerland	12/6/2006	CHF	81	82	1%	1
							<b>710</b>
<b>Far East</b>							
Sunlight Real Estate Investment Trust	Hong Kong	12/21/2006	HKD	2.6	2.26	-13%	221
Sobha Developers Ltd	India	12/20/2006	INR	640	995.7	56%	838
Trustpark Inc	Japan	12/12/2006	JPY	315000	156000	-50%	6
Properst Co Ltd	Japan	12/13/2006	JPY	650000	714000	10%	190
Intrance Co Ltd	Japan	12/18/2006	JPY	250000	338000	35%	93
Central General Development Co Ltd	Japan	12/22/2006	JPY	1350	1319	-2%	43
Ayer Molek Rubber Co BHD	Malaysia	12/27/2006	MYR	18.8	18.8	0%	5
AmFirst Real Estate Investment Trust	Malaysia	12/21/2006	MYR	1	0.9	-10%	56
Hektar Real Estate Investment Trust	Malaysia	12/4/2006	MYR	1.05	1.03	-2%	48
First Real Estate Investment Trust	Singapore	12/9/2006	SGD	0.71	0.76	7%	69
CapitaRetail China Trust	Singapore	12/8/2006	SGD	1.13	2.1	86%	333
Babcock & Brown Structured Finance Fund Ltd	Singapore	12/20/2006	SGD	1.06	1.03	-3%	123
Cooperative Construction Co Ltd	Taiwan	12/8/2006	TWD	7.3	7.3	0%	5
Baan Rock Garden PCL	Thailand	11/28/2006	THB	6	5.65	-6%	16
Tan Tao Industrial Park Corp	Vietnam	11/16/2006	VND	56500	88500	57%	127
							<b>2173</b>
<b>Middle East</b>							
Arkan Al Kuwait Real Estate Co KSCC	Kuwait	12/11/2006	KWd	185.05	176	-5%	60
							<b>60</b>
<b>UK</b>							
Hirco PLC	UK	12/8/2006	GBP	500	430	-14%	318
West Pioneer Properties Ltd	UK	12/13/2006	GBP	83.5	97.5	17%	73
All Points North PLC	UK	12/19/2006	GBP	32	35	9%	3
RGI International Ltd	UK	12/7/2006	USD	6	7.38	23%	384
Mirland Development Corp PLC	UK	12/13/2006	GBP	478	495	4%	495
Alpha Tiger Property Trust Ltd	UK	12/20/2006	GBP	100	99.75	0%	N/a
Unitech Corporate Parks PLC	UK	12/15/2006	GBP	100	94	-6%	338
Metro Baltic Horizons PLC	UK	12/11/2006	GBP	100	117.5	18%	31
Equest Investments Balkans Ld	UK	12/20/2006	GBP	1210	1182.5	-2%	205
Invista European Real Estate Trust	UK	12/19/2006	GBP	200	217.25	9%	227
Rutley European Property Ltd.	UK	11/27/2006	GBP	70	69	-1%	139
							<b>2213</b>
<b>North America</b>							
DCT Industrial Trust Inc	US	12/12/2006	USD	12.25	11.8	-4%	1015
							<b>1015</b>
<b>Total</b>							<b>7573</b>

**Table 5: Global REIT Markets ranked by size**

Listing Country	Number of Companies	Market cap > £100m	Market cap > £1bn	Sector Mkt cap £	% of Global Listed Real Estate Equity mkt
<b>Africa</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>1,263,634,423</b>	<b>0.1%</b>
South Africa	5	5	0	1,263,634,423	0.1%
<b>Far East</b>	<b>98</b>	<b>62</b>	<b>8</b>	<b>34,649,303,799</b>	<b>3.6%</b>
Japan	40	34	4	21,265,845,529	2.2%
Singapore	15	14	3	7,609,535,293	0.8%
Hong Kong	5	5	1	3,492,062,431	0.4%
Taiwan	7	5	0	924,941,102	0.1%
South Korea	13	2	0	652,862,283	0.1%
Malaysia	11	1	0	413,766,871	0.0%
Thailand	7	1	0	290,290,290	0.0%
<b>North America</b>	<b>234</b>	<b>182</b>	<b>61</b>	<b>237,518,808,424</b>	<b>24.7%</b>
US	198	159	57	224,093,969,102	23.3%
Canada	36	23	4	13,424,839,322	1.4%
<b>Northern &amp; Eastern Europe</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>124,345,428</b>	<b>0.0%</b>
Bulgaria	11	0	0	124,345,428	0.0%
<b>Southern Europe</b>	<b>11</b>	<b>3</b>	<b>0</b>	<b>956,387,873</b>	<b>0.1%</b>
Turkey	9	1	0	571,856,171	0.1%
Greece	2	2	0	384,531,703	0.0%
<b>Western Europe</b>	<b>48</b>	<b>34</b>	<b>12</b>	<b>46,457,301,546</b>	<b>4.8%</b>
France	26	18	8	29,862,144,458	3.1%
Netherlands	9	7	3	13,343,369,729	1.4%
Belgium	13	9	1	3,251,787,359	0.3%
<b>Oceania</b>	<b>75</b>	<b>46</b>	<b>11</b>	<b>53,463,972,823</b>	<b>5.6%</b>
Australia	66	41	11	51,985,778,974	5.4%
New Zealand	9	5	0	1,478,193,849	0.2%
<b>Grand Total</b>	<b>482</b>	<b>332</b>	<b>92</b>	<b>374,433,754,315</b>	<b>38.9%</b>

Source: AME Capital / Bloomberg

- We monitor all the Global REIT markets. The tables below show their total returns on a market capitalisation weighted basis, in local currency. This includes all the constituents listed above.

<b>Table 6:</b> <b>REIT Performance 2006</b>		<b>Table 7:</b> <b>REIT performance 12 months</b>		<b>Table 8:</b> <b>REIT markets relative performance</b>	
<i>markets December</i>		<i>markets 12 months</i>		<i>markets relative performance</i>	
Major REIT markets	December %	Major REIT markets	12 months %	Major REIT markets	Relative 12 month Performance
France	12.05	France	60.14	France	34.04
Singapore	9.24	Singapore	47.15	Japan	26.96
Netherlands	8.75	Netherlands	43.93	Netherlands	23.97
Japan	8.56	US	35.13	US	12.48
Australia	6.91	Australia	32.24	Canada	7.81
Belgium	2.54	Japan	29.49	Singapore	7.42
Canada	2.17	Canada	26.15	Australia	4.74
Hong Kong	0.26	Belgium	13.75	Belgium	-10.15
US	-0.37	Hong Kong	10.03	Hong Kong	-22.17
Smaller REIT markets	December %	Smaller REIT markets	12 months %	Smaller REIT markets	Relative 12 month Performance
New Zealand	12.60	Thailand	50.16	Thailand	49.85
Greece	8.26	Greece	28.18	Greece	5.79
Bulgaria	4.01	New Zealand	25.39	South Korea	5.04
Taiwan	3.28	South Africa	16.67	New Zealand	2.58
South Africa	1.86	Taiwan	11.97	Taiwan	-12.31
Turkey	1.66	South Korea	8.63	Turkey	-13.21
South Korea	-0.71	Malaysia	-6.94	South Africa	-17.30
Malaysia	-2.42	Turkey	-13.06	Malaysia	-26.49
Thailand	-6.57	Bulgaria	n/a	Bulgaria	n/a

Source: AME Capital / Bloomberg

# AME Capital Indices

- The December returns for the AME REIT indices are shown in the 1 Month Return % column of Table 9 below. These indices are market capitalisation weighted total return indices re-weighted daily.
- The AME Capital UK REIT Index, comprising the 9 conversions so far started at the beginning of January.

**Table 9: AME Capital Global REIT Indices**

AME Capital Global REIT Indices Name	Index Value	1 Month Return %	1 Year Return %	Market Cap (£bn)
1 Australian REIT	153.69	9.34	33.77	48.2
2 Belgium REIT	138.39	3.08	11.68	3.2
3 Canadian REIT	173.48	2.48	34.38	12.8
4 France REIT	229.69	13.54	61.47	29.8
5 South Korea REIT	140.69	-1.26	22.11	0.7
6 New Zealand REIT	152.93	13.2	28.23	1.5
7 Netherland REIT	170.63	10.21	42.89	13.3
8 Taiwan REIT	112.09	0.15	10.61	0.9
9 Japan REIT	153.81	10.25	34.58	18.8
10 South Africa REIT	159.57	1.75	13.61	1.3
11 Singapore REIT	185.34	5.8	52.75	7.2
12 Malaysia REIT	109.21	-0.14	1.47	0.3
13 Hong Kong REIT	146.81	0.98	8.83	3.2
14 Greece REIT	152.53	5.65	22.29	0.4
15 Turkey REIT	176.41	-3.74	-30.41	0.5
16 US REIT	165.84	-1.56	39.26	120.6
17 Bulgaria REIT	104.94	6.85	0	0.1

Source: AME Capital / Bloomberg

- The AME Sector Indices contain companies who have 75% plus exposure to a specific asset class. Each company's returns are equally weighted to reduce any size effects and more closely reflect the underlying assets relationship with the listed vehicle.

**Table 10 Global securitised sector indices**

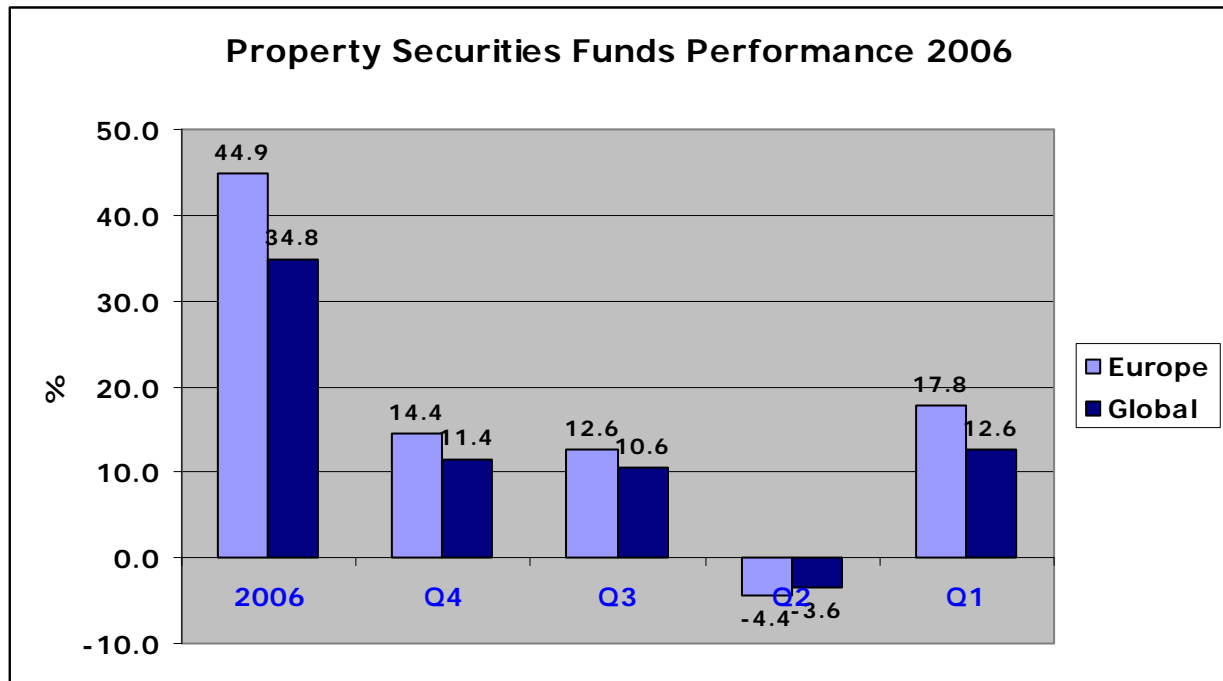
AME Capital Global Sector Indices Name	Index Value	1 Month Return %	1 Year Return %	Market Cap (£bn)
1 UK Industrial	156.3	4.6	32.79	5.6
2 UK Retail	184.36	8.4	50.3	6.3
3 UK West End	206.71	10.42	62.7	4.3
4 Paris Office	176.3	4.95	36.62	2.5
5 Eurozone Retail	188.28	8.04	53.79	13.2
6 Eurozone Industrial	155.18	4.66	23.51	1.9
7 Australian Office	127.96	4.53	24.91	2.5
8 Australian Retail	165.14	8.86	37.36	20.4
9 Australian Industrial	149.45	-0.17	29.47	0.9
10 Tokyo Office	168.41	8.14	44.6	6.9
11 Japan Retail	180.51	5.82	20.05	4.8
12 Japan Industrial	137.75	9.42	0.16	0.8
13 Saudi Arabia	112.92	8.68	-66.05	4.2

Source: AME Capital / Bloomberg

# Property Securities Funds

- Our Universe of 62 European Property Securities Funds produced an unweighted average total return of 44.9% for 2006 reflecting the out-performance of European markets shown above, while our universe of 91 Global Property Securities Funds produced an unweighted average total return of 34.8%.

**Chart 1: 2006 Annual and Quarterly Funds Performance**



- The tables overleaf illustrate the best performing Funds in our universe, ranked both by total return and also by Sharpe Ratio.
- Caution should be exercised when making specific direct comparisons between Funds however, as there are a number of structural differences between the Funds we monitor which will affect their performance. In particular:

Closed-end and open-ended status

Size

Return mandate, i.e. Income vs total return

Level of gearing

Different geographic mandates

Level of benchmarking

Benchmark used

Currency

Investment Exposure i.e. certain Funds invest in direct property, debt instruments etc.

# Property Securities Funds

**Table 11: Leading European Funds ranked by 2006 return**

<b>EUROPEAN PROPERTY SECURITIES FUNDS</b>						
<b>Ranked by: 2006 return</b>						
<b>FUND NAME</b>	<b>ASSET MANAGER</b>	<b>2006 return %</b>	<b>Q4 return</b>	<b>Q3 return</b>	<b>Q2 return</b>	<b>Q1 return</b>
TR PROPERTY INVESTMENT TRUST	Thames River Capital UK Ltd/Un	59.9	21.9	13.4	-9.7	28.1
FORTIS L FUND-RE EST EURO-CC	Fortis L Fund/Luxembourg	57.1	17.1	13.7	-4.0	23.0
CONSTANTIA EUROPN PROPRTY-A	CPB KAGmbH/Austria	56.7	18.8	14.8	-5.2	21.2
AMADEUS EUROPEAN REAL EST-A=	Amadeus Capital Vision PLC/Ire	55.3	17.7	15.5	-3.9	18.9
MMA IMMOBILIER	MMA Finance/France	54.5	13.4	15.9	-3.5	21.8
AXA LUX FUND-EUROPEAN IMMO-D	AXA Luxembourg Fund/Luxembourg	53.9	19.5	16.2	-5.4	17.1
COMPAGNIE IMMOBILIERE ACO-IC	ACOFI Gestion/France	52.5	14.0	14.7	-3.4	20.7
CA-AM ACTIONS FONCIER	Credit Agricole Asset Manageme	52.5	16.2	15.2	-4.3	19.0
MORGAN ST SICAV EURO PROP-A=	Morgan Stanley SICAV Funds/Lux	52.0	18.5	15.6	-5.7	17.7
BALZAC REAL EST EUROPE INDEX	State Street Banque/France	52.0	17.6	14.1	-3.9	17.9
ACOFI RENDEMENT IMMOBILIER	ACOFI Gestion/France	51.8	12.0	16.3	-3.1	20.2
IST IMMO OPTIMA EUROPA	IST Fund Managers/Switzerland	51.3	17.0	14.0	-4.8	19.2
EasyETF EPRA EUROZONE	AXA Investment Managers ETF Pa	51.2	13.2	15.0	-3.8	20.8
HENDERSON HORIZ-PAN EU PR-A2	Henderson Horizon Funds/Luxemb	51.0	18.8	13.5	-5.8	18.9
AXA AEDIFICANDI-C	AXA Investment Managers Paris/	50.8	14.5	13.7	-4.0	20.6
COHEN & STEERS-EU REAL ES-I	Cohen & Steers Sicav/Luxembour	50.8	16.7	14.0	-4.5	18.7
HENDERSON EURO PROPERTY SECS	Henderson Global Investors Sin	50.7	17.0	13.4	-3.8	18.1
ABN AMRO PROP SEC FD EUROPE	ABN AMRO Funds/Netherlands	49.7	17.7	12.9	-3.5	16.8
DEXIA EURO VALEURS FONCIER-C	Dexia Asset Management/France	49.7	15.2	13.4	-4.6	20.2
<b>Unweighted average All Funds</b>		<b>44.9</b>	<b>14.4</b>	<b>12.6</b>	<b>-4.4</b>	<b>17.8</b>
<b>Median All Funds</b>		<b>48.1</b>	<b>15.3</b>	<b>13.4</b>	<b>-4.7</b>	<b>18.5</b>

Source: AME Capital / Bloomberg

**Table 12: Leading Global Funds ranked by 2006 return**

<b>GLOBAL PROPERTY SECURITIES FUNDS</b>						
<b>Ranked by: 2006 return</b>						
<b>FUND NAME</b>	<b>ASSET MANAGER</b>	<b>2006 return</b>	<b>Q4 return</b>	<b>Q3 return</b>	<b>Q2 return</b>	<b>Q1 return</b>
COHEN & STEERS WORLDW REA IN	Cohen & Steers Funds/Closed-en	95.2	27.9	18.4	0.4	28.4
ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	76.6	30.3	18.9	-0.7	14.8
EII INTERNATIONAL PROPERTY-I	EII Funds/USA	59.8	19.8	13.6	-1.1	18.8
MORGAN STANLEY INS INTN RE-A	Morgan Stanley Institutional F	56.1	20.2	11.9	-1.2	17.5
DYNALION IMMOBILIER	Credit Agricole Asset Manageme	52.4	16.2	15.2	-4.3	19.0
STRATEGIE INDICE PIERRE	Legal & General/France	52.2	14.4	15.5	-4.4	20.5
DEUTSCHE-RREEF GLB PROP SEC	Deutsche Asset Management Ltd/	51.6	14.5	10.6	-1.4	21.5
AXA AEDIFICANDI-C	AXA Investment Managers Paris/	50.8	14.5	13.7	-4.0	20.6
STANLIB INTL PROPERTY FUND A	STANLIB Collective Investments	50.1	3.1	20.1	10.2	10.1
SCHRODER INTL GL PR SC-A AC	Schroder International Selecti	46.0	16.2	11.4	-2.8	16.1
GLOBAL PROPERTY EMERGING MKT	IFAG Institutionelle Fondsleit	45.3	25.9	18.0	-17.4	18.3
MACKENZIE UN WLD REAL ES C-A	Mackenzie Financial Corp/Canad	44.6	19.3	10.3	-4.7	15.3
DEUTSCHE-RREEF GL EX-AU PROP	Deutsche Asset Management Ltd/	43.9	14.0	10.5	-2.2	16.9
COHEN & STEERS INTERN RLTY-A	Cohen & Steers Fund Group/USA	43.9	15.9	8.6	-0.8	15.2
AGF GL REAL ESTATE EQ CL-MF	AGF Funds Inc/Canada	42.8	18.1	9.7	-5.7	16.9
HENDERSON HOR-G PROP EQTY-A1	Henderson Horizon Funds/Luxemb	41.8	13.9	9.0	-0.8	15.2
BT GLOBAL PROPERTY SECUR	BT Funds Management Ltd/Austra	40.8	12.8	9.9	-2.3	16.3
INVESCO GLB REAL EST SEC-A I	INVESCO Series/Ireland	40.7	14.1	10.8	-0.8	12.1
AMP WHL-GLOBAL PROP SEC	AMP Capital Investors Wholesal	40.6	12.2	12.0	-2.1	14.3
FORSYTH GLOBAL PROPERTY-\$	Forsyth Partners Ltd/United Ki	40.6	14.8	9.4	-2.4	14.7
<b>Unweighted average All Funds</b>		<b>34.8</b>	<b>11.4</b>	<b>10.6</b>	<b>-3.6</b>	<b>12.6</b>
<b>Median All Funds</b>		<b>34.9</b>	<b>11.2</b>	<b>10.3</b>	<b>-3.1</b>	<b>12.1</b>

# Property Securities Funds

**Table 13: Leading European funds ranked by Sharpe Ratio**

<b>EUROPEAN PROPERTY SECURITIES FUNDS</b>				
<b>Ranked by: Sharpe Ratio</b>				
<b>FUND NAME</b>	<b>ASSET MANAGER</b>	<b>Sharpe ratio</b>	<b>December return %</b>	<b>2006 return %</b>
HENDERSON EURO PROPERTY SECS	Henderson Global Investors Sin	3.41	6.8	50.7
MMA IMMOBILIER	MMA Finance/France	3.06	7.0	54.5
AMADEUS EUROPEAN REAL EST-A=	Amadeus Capital Vision PLC/Ire	3.02	9.0	55.3
BNP PARIBAS IMMOBILIER-D	BNP Paribas Asset Management	2.97	8.1	49.6
ABN AMRO PROP SEC FD EUROPE	ABN AMRO Funds/Netherlands	2.93	9.5	49.7
BALZAC REAL EST EUROPE INDEX	State Street Banque/France	2.91	9.4	52.0
DWS PROPERTY-C	DWS Investments/France	2.87	6.7	45.3
CA-AM ACTIONS FONCIER	Credit Agricole Asset Manageme	2.86	8.8	52.5
UNISIC 1	Banque Sanpaolo/France	2.86	2.9	33.9
CREDIT SUISSE EQ-EURO PROP-B	Credit Suisse Fund Management/	2.83	8.8	48.4
HENDERSON HORIZ-PAN EU PR-A2	Henderson Horizon Funds/Luxemb	2.83	8.7	51.0
CAAM ACTIONS IMMOBLIER	Credit Agricole Asset Manageme	2.79	5.8	45.6
IST IMMO OPTIMA EUROPA	IST Fund Managers/Switzerland	2.77	9.7	51.3
THAMES RIVER PROPERTY A-INCGBP	Thames River Capital UK Ltd/Un	2.76	5.6	36.3
SNS EURO VASTGOEDFONDS	SNS Investment Fund Management	2.75	9.3	48.6
KBC INST FD-EUR REAL ESTAT-C	KBC Asset Management/Belgium	2.72	9.2	48.4
COMPAGNIE IMMOBILIERE ACO-IC	ACOFI Gestion/France	2.71	7.3	52.5
ACOFI RENDEMENT IMMOBILIER	ACOFI Gestion/France	2.69	4.6	51.8
KBC SELECT IMMO EUROP PLUS	KBC Asset Management/Belgium	2.69	9.0	48.1
MORGAN ST SICAV EURO PROP-A=	Morgan Stanley SICAV Funds/Lux	2.67	9.1	52.0
<b>Unweighted average All Funds</b>		<b>2.49</b>	<b>7.7</b>	<b>44.9</b>
<b>Median All Funds</b>		<b>2.59</b>	<b>8.3</b>	<b>48.1</b>

Source: AME Capital / Bloomberg

**Table 14: Leading Global Funds ranked by Sharpe Ratio**

<b>GLOBAL PROPERTY SECURITIES FUNDS</b>				
<b>Ranked by: Sharpe Ratio</b>				
<b>FUND NAME</b>	<b>ASSET MANAGER</b>	<b>Sharpe ratio</b>	<b>December return %</b>	<b>2006 return %</b>
ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	3.92	15.1	76.6
MORGAN STANLEY INS INTN RE-A	Morgan Stanley Institutional F	3.64	7.7	56.1
HENDERSON HOR-G PROP EQTY-A1	Henderson Horizon Funds/Luxemb	3.58	3.1	41.8
INVESCO GLB REAL EST SEC-A I	INVESCO Series/Ireland	3.52	3.1	40.7
EII INTERNATIONAL PROPERTY-I	EII Funds/USA	3.40	8.1	59.8
CITI PROP INV-GL DVRS-A\$-ACC	Citigroup Property Investors R	3.35	3.1	40.5
AMP WHL-GLOBAL PROP SEC	AMP Capital Investors Wholesal	3.21	2.4	40.6
ING GLOBAL REAL ESTATE FD-A	ING Funds/USA	3.13	2.7	40.4
NIPPON GLOBAL REIT SELECT	Japan Investment Trust Managem	3.13	4.5	38.3
FORSYTH GLOBAL PROPERTY-\$	Forsyth Partners Ltd/United Ki	3.11	3.6	40.6
COHEN & STEERS INTERN RLTY-A	Cohen & Steers Fund Group/USA	3.10	6.0	43.9
INVESCO GLOBAL LM INCOME C-A	INVESCO Asia Ltd/Hong Kong	3.10	1.8	26.5
WWIDE INV PORT-GLOB RE ES-A\$	Pramerica Worldwide Investors	3.06	2.7	34.9
DEUTSCHE-RREEF GL EX-AU PROP	Deutsche Asset Management Ltd/	3.05	2.8	43.9
DBS GLOBAL PRPTY SECS - S\$	DBS Asset Management Ltd/Singa	3.00	1.6	31.5
SCHRODER INTL GL PR SC-A AC	Schroder International Selecti	2.96	4.6	46.0
HENDERSON GLOBAL PROPERTY EQ	Henderson Global Investors Sin	2.94	2.1	29.5
DYNALION IMMOBILIER	Credit Agricole Asset Manageme	2.86	8.8	52.4
SUMITOMO M GLOBAL REIT OPEN	Sumitomo Mitsui Asset Manageme	2.82	5.0	37.4
BT GLOBAL PROPERTY SECUR	BT Funds Management Ltd/Austra	2.73	2.7	40.8
<b>Unweighted average</b>		<b>2.41</b>	<b>3.5</b>	<b>34.8</b>
<b>Median</b>		<b>2.43</b>	<b>3.1</b>	<b>34.9</b>

Source: AME Capital / Bloomberg

**For global real estate investors, public equity and private equity will become more closely linked, by Professor Andrew Baum, Property Funds Research**

The extension of the REIT format around the property globe has re-kindled the old debate: does the listed real estate sector deliver real estate performance, or does it deliver equity market performance? If one of real estate's key attractions to investors is its low correlation against stocks and bonds, how much damage does the liquidity introduced by a stock market listing do to the diversification qualities of property in the form of REITs and public property investment companies?

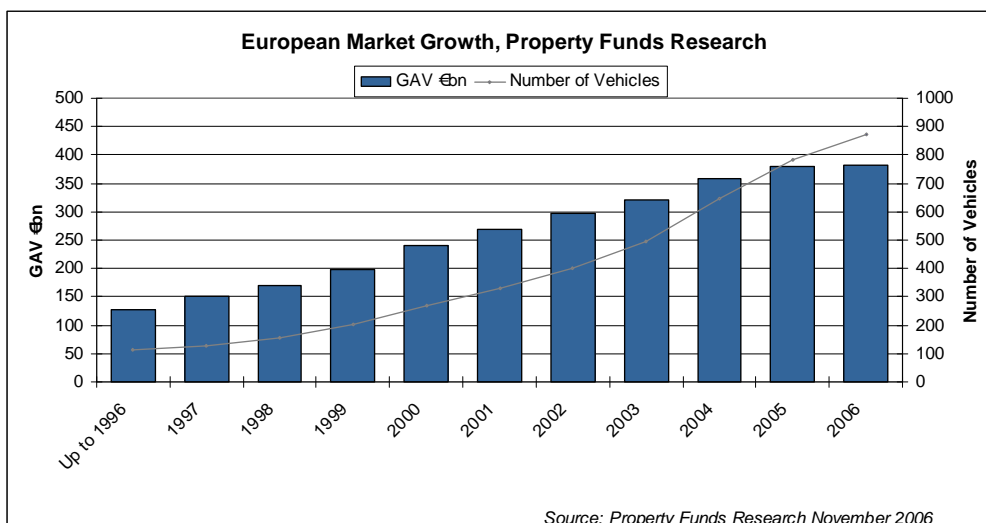
In many markets around the world, with the UK being a prime example, listed property companies (and, where available, REITs) have been the preserve of equity fund managers, the equity desks of balanced (diversified) fund managers and institutional investors, and (occasionally) a specialist listed property team. The typical property team of a fund manager or institutional investor would have as much experience of trading REITs as it would of polar exploration.

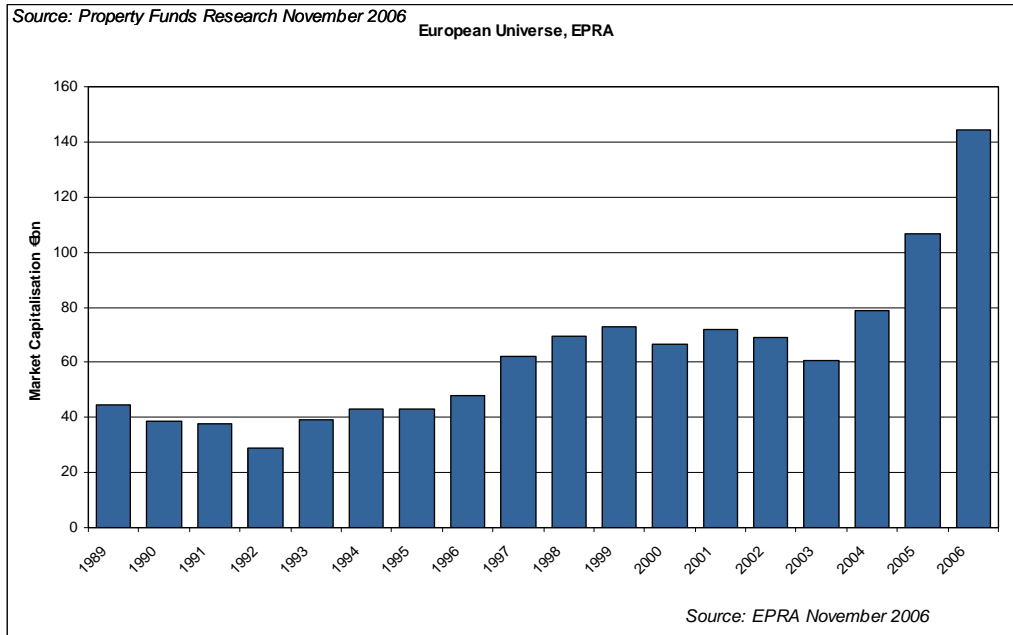
This very separation, it seems, has contributed to the performance differential. As long as property securities are traded by equity people, and bought and sold as part of balanced equity portfolios rather than as part of the mainstream property allocation, the performance of real estate securities is unlikely to be wholly disconnected from the securities market.

But all global markets are not the same. In Australia, for example, the performance of listed property trusts has not been as connected as have US REITs with the mainstream equity market – and it is perhaps no coincidence that property funds managers in Sydney and Melbourne will deal with syndicated property, LPTs, unlisted funds and direct property from the same desk.

And now things are changing in Europe. The globalisation of investment has, as many expected, led to an increase in property securitisation. To be able to invest in international real estate requires unitised, small lot size investments. Liquidity is an additional advantage, but the key issue is divisibility. A global REIT market is an obvious benefit to international property investors. But the lack of a global REIT instrument and the double tax regime imposed on listed property companies, coupled with the argument that listed property is not a true diversifier, has held back the pace of securitisation.

Instead, Europe has gone along a circuitous route to greater securitisation. Globalisation has, indeed, been irresistible, but in the absence of true REIT vehicles in the two powerhouses of the UK and Germany the unlisted fund route has led the way for many UK and European property investors familiar and comfortable with bricks and mortar.





The larger investors have allocated money to indirect funds; smaller investors have begun to appoint fund managers to invest separate account money in unlisted funds on their behalf; and even smaller investors have been tempted to invest in pan-European funds of funds. The two pioneers, Aberdeen and OPC (now CBRE Investors), have been joined by a clutch of managers offering true fund of fund vehicles and a separate account capability in this area.

Some markets – the US being the prime example and Asia offering at best a question mark - do not appear to offer international investors tax efficient routes into unlisted low risk property funds. In these cases REITs and listed property can be more attractive and an obvious alternative. So we are beginning to see more joint mandates – some listed, some unlisted – and new property funds which combine listed and unlisted assets. For investors who have already bitten one bullet – by choosing an indirect solution – it is a short step to add listed property, even as a toe in the water through a core-satellite approach. For some investors, the liquidity limits of unlisted funds will become an issue, leading to their thinking about going into global real estate through REITs and listed securities as the core activity.

Some mandates (and certainly funds) focus wholly on listed global real estate. Some focus wholly on unlisted global real estate. An increasing number are likely to focus on both, and on delivering so-called unconstrained solutions. As this begins to happen, property fund managers will see the benefit of extending their multi-manager or fund of (unlisted) funds teams into the listed arena. Property equity desks will be tempted out of the securities cocoon and into the world of property. Arbitrage opportunities between the direct market and the listed market will become easier to spot, and a natural part of the performance strategy of a property team. The growth of property derivatives will push this point even further. Some derivatives will be based on indices of listed property, and some on direct property.

If the market develops in this way, and there are many early signs of this change taking place, then the separation of listed and unlisted markets may begin to break down. The exploitation of arbitrage opportunities will work to reduce pricing anomalies. If investor sentiment is concentrated more and more in one place, then we can expect to see increasing correlations between listed and unlisted real estate performance.

This would have two possible effects. First, the performance characteristics of listed property, including its major component, REITs, could be pulled further away from the equity market and bolster the argument for property in all its forms as major asset class. Also possible, perhaps, is a

drive for increased liquidity in the unlisted market, more securitisation of unlisted funds, and greater 'contamination' of real estate performance by securities markets. But there is a limit to this, because the private equity/opportunity fund part of the unlisted market will not lend itself to this move.

Our view is that, on balance, the former is more likely. We have little doubt that listed funds (REITs) and unlisted funds will be increasingly seen as part of a single market place, and this will be good news, both for the best real estate managers and, more importantly, for investors.

*Property Funds Research ([www.propertyfundsresearch.com](http://www.propertyfundsresearch.com)) provides data and research describing the major sources of capital, non-listed investment vehicles, managers and advisors which together largely define the UK and European institutional property markets.*

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