

**AME Capital**

**GLOBAL REAL ESTATE  
EQUITY RESEARCH**

**MONTHLY REPORT  
for  
October  
2006**

Copyright 2005 AME Capital Ltd

All rights reserved. Any unauthorised use or disclosure is prohibited

Contact

**Alex Moss**

Direct Line: 020 7422 6561

Mobile: 07887 625833

Fax: 020 7422 0041

Email: alex.moss@amecapital.co.uk

**Aaron Guy**

Direct Line: 020 7422 6560

Mobile: 07793 799568

Fax: 020 7422 0041

Email: aaron.guy@amecapital.co.uk

Office Details:

**AME Capital Ltd**

Devonshire House

146 Bishopsgate

London EC2M 4JX

Telephone: 020 7422 6568

Fax: 020 7422 0041

*AME Capital is authorised and regulated by the Financial Services Authority*

# Disclaimer

The information contained in this report was obtained from various sources. No representation or warranty, express or implied, is made, given or intended by or on behalf of AME Capital Limited or any of its directors, officers or employees and no responsibility or liability is accepted by AME Capital Limited or any of its directors, officers or employees as to the accuracy, completeness or fairness of any information, opinions (if any) or analysis (if any) contained in this report. AME Capital Limited undertakes no obligation to update or correct any information contained in this report or revise any opinions (if any) or analysis (if any) in the light of any new information. Notwithstanding the foregoing, nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently.

This report (including its contents) is confidential and is for distribution in the United Kingdom only to persons who are authorised persons or exempt persons within the meaning of the Financial Services and Markets Act 2000, or any Order made thereunder, or to persons of a kind described in Article 19(5) (Investment Professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) and, if permitted by applicable law, for distribution outside the United Kingdom to professionals or institutions whose ordinary business involves them in engaging in investment activities. It is not intended to be distributed or passed on, directly, indirectly, to any other class of persons. **This report may not be copied, reproduced, further distributed to any other person or published, in whole or in part, for any purpose other than with the prior consent of AME Capital Limited.** Whilst AME Capital Limited may at its sole and absolute discretion consent to the copying or reproduction of this report (whether in whole or in part) for your usual business purposes no representation or warranty, express or implied, is made, given or intended by or on behalf of AME Capital Limited or any of its directors, officers or employees as to the suitability or fitness of the report for the purpose to which you intend to put the report.

The information, opinions (if any) and analysis (if any) contained in this report do not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities or options, futures or other derivatives ("securities") nor shall this report, or any part of it, or the fact of its distribution, form the basis of, or be relied on, in connection with any contract.

This report is intended to provide general information only. This document may not cover the issues which recipients may regard as important to their consideration, evaluation or assessment of the any of the securities mentioned herein, and where such issues have been covered herein no assurance can be given that they have been considered in sufficient detail for recipients' purposes. This report does not have regard to any specific investment objectives, the financial situation or the particular requirements of any recipient. To the extent that this report contains any forward-looking statements, estimates, forecasts, projections and analyses with respect to future events and the anticipated future performance of the securities referred to herein, such forward-looking statements, estimates, forecasts, projections and analyses were prepared based upon certain assumptions and an analysis of the information available at the time this report was prepared and may or may not prove to be correct. No representation or warranty, express or implied, is made, given or intended by or on behalf of AME Capital Limited or any of its directors, officers or employees that any estimates, forecasts, projections or analyses that are used in this report will be realised. These statements, estimates, forecasts, projections and analyses are subject to changes in economic and other circumstances and such changes may be material. Potential investors should seek financial advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of securities.

Investors should be aware that the value of and income in respect of any securities may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment.

# Contents

	<b>Page</b>
<b>Summary</b>	<b>4</b>
<b>The Global Real Estate Equity Market:</b>	
<b>October Returns</b>	<b>5</b>
<b>Composition (Market Capitalisation)</b>	<b>6</b>
<b>IPO Activity</b>	<b>7</b>
<b>Regional Commentary</b>	<b>8</b>
<b>REITs</b>	<b>11</b>
<b>AME Capital Indices</b>	<b>12</b>
<b>Specialist Funds</b>	<b>13</b>

# Summary

## Real Estate Equities

- Our Global Universe produced a total return of 5.3% in October.
- All regions showed positive returns this month, with the emerging markets performing strongest

South America	+15.3%	North America	+6.1%
Africa	+11.7%	UK	+5.8%
Middle East	+11.7%	Far East	+4.2%
Southern Europe	+7.2%	Western Europe	+2.9%
North/ East Europe	+7.1%	Oceania	+1.6%

## IPOs

- An extremely active month for new issues globally, with 29 issues , increasing our universe by a combined market capitalisation of £17.8bn
- The most notable of these was the IPO of Douglas Emmett – the largest ever US REIT IPO, Emaar Economic City in Saudi Arabia, which now has a market capitalisation of £3.2bn, and, reflecting the buoyant equity markets, two IPOs in Brazil.

## REITs

- The best performing REITs among the major markets were the US (6.2%), France (+ 4.1%) and Japan (+3.7%). Of the emerging REIT markets Thailand (+11.8%), South Africa (+10.3%) and Turkey (+9.0%) were the top performers.

## Sector Indices

- Of our securitised sector indices the AME Capital West End Office index continues to be the best performer with a monthly gain of +4.8%, and a 12 month return of 68.7%.

## Sector Funds

- Reflecting the returns above, our universe of listed European real estate equity funds showed an unweighted average return of 3.4% in October, while those with a Global mandate produced an unweighted average return of 4.0%

# The Global Real Estate Equity Market - Returns

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

Listing Country	1 month return Real Estate Equity %	1 month return Equity Market %	1 month return Relative
<b>Africa</b>	<b>11.71</b>	<b>5.79</b>	<b>6.00</b>
South Africa	9.07	4.57	4.31
Morocco	32.30	1.88	29.86
Botswana	0.05	14.44	-12.58
Mauritius	3.33	11.07	-6.96
Tunisia	7.92	7.60	0.29
<b>Far East</b>	<b>4.23</b>	<b>2.95</b>	<b>1.29</b>
Hong Kong	2.57	4.53	-1.87
Japan	5.78	0.42	5.34
Singapore	5.39	5.56	-0.16
China	-2.21	1.63	-3.79
Malaysia	3.72	2.68	1.01
Taiwan	6.97	2.02	4.85
Philippines	8.58	6.02	2.41
India	11.11	4.63	6.20
Thailand	11.87	5.38	6.16
Indonesia	2.03	3.29	-1.22
South Korea	-1.26	-0.50	-0.77
<b>Middle East</b>	<b>11.69</b>	<b>-1.98</b>	<b>15.46</b>
UAE	-2.72	-4.09	1.43
Israel	17.10	8.05	8.38
Saudi Arabia	55.01	-14.82	81.99
Kuwait	2.61	3.43	-0.80
Lebanon	-1.26	-1.53	0.27
Qatar	-2.33	-4.43	2.20
Egypt	10.28	3.11	6.96
Jordan	9.56	n/a	n/a
Bahrain	8.28	-0.15	8.45
<b>North America</b>	<b>6.13</b>	<b>3.86</b>	<b>2.19</b>
US	6.41	3.71	2.60
Canada	3.85	5.09	-1.18
<b>Northern &amp; Eastern Europe</b>	<b>7.09</b>	<b>5.24</b>	<b>1.80</b>
Sweden	6.33	4.53	1.72
Norway	4.73	8.29	-3.29
Poland	12.29	7.50	4.45
Denmark	6.73	4.04	2.58
Finland	5.47	3.86	1.55
Russia	13.82	2.23	11.34
Hungary	1.41	2.93	-1.47
Bulgaria	-4.98	13.60	-16.35
Latvia	-6.00	0.15	-6.14
<b>South America</b>	<b>15.25</b>	<b>6.88</b>	<b>7.82</b>
Brazil	15.82	7.35	7.89
Mexico	13.31	5.11	7.81
Argentina	20.96	8.08	11.92
Chile	2.24	3.66	-1.38
Peru	0.00	2.93	-2.85
Venezuela	22.70	7.83	13.79
<b>Southern Europe</b>	<b>7.18</b>	<b>6.12</b>	<b>0.99</b>
Spain	8.09	6.64	1.37
Italy	3.03	3.53	-0.48
Greece	7.65	5.89	1.66
Turkey	7.50	9.91	-2.18
Cyprus	0.01	n/a	n/a
Malta	1.49	0.31	1.18
Portugal	7.03	1.67	5.27
<b>UK</b>	<b>5.78</b>	<b>3.04</b>	<b>2.66</b>
UK	5.78	3.04	2.66
<b>Western Europe</b>	<b>2.93</b>	<b>2.51</b>	<b>0.44</b>
France	4.71	1.88	2.78
Netherlands	2.18	0.65	1.52
Germany	1.64	4.00	-2.27
Austria	1.26	5.45	-3.97
Belgium	1.21	1.85	-0.62
Switzerland	0.46	1.99	-1.49
Ireland	2.89	4.94	-1.96
<b>Oceania</b>	<b>1.57</b>	<b>4.83</b>	<b>-3.11</b>
Australia	1.59	4.83	-3.10
New Zealand	0.92	4.85	-3.75

# The Global Real Estate Equity Market - Composition

**Table 2: 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>41</b>	<b>18</b>	<b>2</b>	<b>7,539,746,037</b>	<b>0.9%</b>
South Africa	33	16	0	4,857,828,533	0.6%
Morocco	3	1	1	1,362,051,246	0.2%
Botswana	2	1	1	1,289,907,578	0.1%
Mauritius	1	0	0	20,523,254	0.0%
Tunisia	2	0	0	9,435,426	0.0%
<b>Far East</b>	<b>694</b>	<b>309</b>	<b>55</b>	<b>279,002,851,285</b>	<b>31.8%</b>
Hong Kong	120	65	26	106,928,938,494	12.2%
Japan	158	101	17	99,168,208,081	11.3%
Singapore	52	33	8	31,189,797,103	3.6%
China	84	44	1	15,271,844,409	1.7%
Malaysia	94	14	1	6,932,861,680	0.8%
Taiwan	47	20	0	5,465,064,373	0.6%
Philippines	37	6	1	4,432,615,957	0.5%
India	15	7	1	3,982,100,998	0.5%
Thailand	41	12	0	3,483,775,310	0.4%
Indonesia	32	5	0	1,514,481,062	0.2%
South Korea	14	2	0	633,163,819	0.1%
<b>Middle East</b>	<b>142</b>	<b>58</b>	<b>8</b>	<b>41,403,568,041</b>	<b>4.7%</b>
UAE	6	6	4	16,430,179,825	1.9%
Israel	73	21	1	8,389,033,366	1.0%
Saudi Arabia	6	6	2	6,629,616,181	0.8%
Kuwait	31	20	0	6,365,000,707	0.7%
Lebanon	1	1	1	1,536,877,425	0.2%
Qatar	2	2	0	1,168,118,655	0.1%
Egypt	12	2	0	543,025,017	0.1%
Jordan	9	0	0	228,946,182	0.0%
Bahrain	2	0	0	112,770,684	0.0%
<b>North America</b>	<b>393</b>	<b>221</b>	<b>76</b>	<b>288,947,319,795</b>	<b>32.9%</b>
US	309	188	71	257,693,170,751	29.3%
Canada	84	33	5	31,254,149,045	3.6%
<b>Northern &amp; Eastern Europe</b>	<b>69</b>	<b>34</b>	<b>6</b>	<b>18,984,798,092</b>	<b>2.2%</b>
Sweden	22	15	4	9,621,059,525	1.1%
Norway	6	6	0	2,688,226,206	0.3%
Poland	4	3	1	2,278,050,883	0.3%
Denmark	12	5	0	1,757,074,335	0.2%
Finland	6	3	0	1,236,650,325	0.1%
Russia	1	1	1	1,073,558,247	0.1%
Hungary	4	1	0	200,130,498	0.0%
Bulgaria	13	0	0	129,633,470	0.0%
Latvia	1	0	0	414,604	0.0%
<b>South America</b>	<b>18</b>	<b>11</b>	<b>1</b>	<b>5,874,201,221</b>	<b>0.7%</b>
Brazil	7	7	1	4,197,394,736	0.5%
Mexico	1	1	0	972,649,144	0.1%
Argentina	2	2	0	446,186,354	0.1%
Chile	5	1	0	196,870,476	0.0%
Peru	2	0	0	41,423,304	0.0%
Venezuela	1	0	0	19,677,207	0.0%
<b>Southern Europe</b>	<b>60</b>	<b>32</b>	<b>11</b>	<b>36,331,814,826</b>	<b>4.1%</b>
Spain	22	16	8	27,695,373,402	3.2%
Italy	14	10	3	6,181,435,042	0.7%
Greece	7	4	0	1,549,658,682	0.2%
Turkey	10	2	0	784,311,271	0.1%
Cyprus	3	0	0	87,512,579	0.0%
Malta	2	0	0	19,880,497	0.0%
Portugal	2	0	0	13,643,352	0.0%
<b>UK</b>	<b>143</b>	<b>80</b>	<b>10</b>	<b>61,753,792,980</b>	<b>7.0%</b>
UK	143	80	10	61,753,792,980	7.0%
<b>Western Europe</b>	<b>226</b>	<b>87</b>	<b>21</b>	<b>80,704,681,789</b>	<b>9.2%</b>
France	63	31	11	34,581,221,713	3.9%
Netherlands	12	9	4	14,343,291,567	1.6%
Germany	82	19	2	12,417,615,283	1.4%
Austria	13	9	3	11,393,690,251	1.3%
Belgium	41	10	0	3,855,426,444	0.4%
Switzerland	12	7	1	3,670,735,026	0.4%
Ireland	3	2	0	442,701,506	0.1%
<b>Oceania</b>	<b>144</b>	<b>59</b>	<b>13</b>	<b>57,518,161,864</b>	<b>6.6%</b>
Australia	132	54	13	56,159,409,731	6.4%
New Zealand	12	5	0	1,358,752,133	0.2%
<b>Grand Total</b>	<b>1930</b>	<b>909</b>	<b>203</b>	<b>878,060,935,931</b>	<b>100.0%</b>

# IPO Activity

The highlight of the month was the Douglas Emmett IPO, believed to be the largest ever US REIT IPO. which accounted for 70% of the market capitalisation of new REIT issues at the month end.

**Table 3: REIT IPOs for October 2006**

	Listing Country	Listing date	Local Currency	IPO Price (local currency)	Current Price (local currency)	% change since IPO	Market Cap at 31/10/06 (£m)
<b>North America</b>							
Douglas Emmett Inc	US	10/23/2006	US\$	21.0	23.10	10%	1558
<b>Oceania</b>							
Rubicon Japan Trust	Australia	10/30/2006	AUD\$	1.0	1.1	11%	81
Challenger Diversified Property Group	Australia	10/20/2006	AUD\$	1.0	1.1	10%	233
<b>Europe</b>							
Aedifica	Belgium	10/23/2006	Euro	44.0	44.8	2%	107
Montea SCA	Belgium	10/16/2006	Euro	31.5	34.5	10%	66
Selectirente	France	10/6/2006	Euro	38.5	43.6	13%	36
<b>Far East</b>							
Cathay No 2 REIT	Taiwan	10/13/2006	Twd	10.1	10.4	3%	117
							117
<b>Total</b>							<b>2198</b>

In terms of PropCos October saw a return to high level of activity, with an increase in the global universe of £15bn. As well as the expected issuance from the developed markets, the two Brazilian IPOs increased the sector by 29%, whilst Emaar Economic City increased the market cap. of the sector in that country by nearly 50% .

**Table 4: PropCo IPOs for Q3 2006**

	Listing Country	Listing date	Local Currency	IPO Price (local currency)	Current Price (local currency)	% change since IPO	Market Cap at 31/10/06 (£m)
<b>North America</b>							
BlackRock Real Asset Equity Trust	US	9/26/2006	USD\$	15.0	15.0	0%	422
<b>UK</b>							
Plaza Centers NV	UK	10/27/2006	£	180.0	186.3	4%	523
Japan Residential Investment Co Ltd	UK	10/23/2006	£	100.0	103.3	3%	104
South African Property Opportunities F	UK	10/19/2006	£	100.0	102.3	2%	77
Spazio Investment NV	UK	10/13/2006	£	12.5	13.7	10%	274
UK Commercial Property Trust Ltd	UK	9/22/2006	£	100.0	102.8	3%	546
<b>Europe</b>							
Hahn Immobilien Beteiligungs AG	Germany	10/27/2006	Euro	10.2	10.7	5%	82
CA Immo International AG	Austria	10/24/2006	Euro	13.5	15.0	11%	410
CWI Real Estate AG	Germany	10/23/2006	Euro	9.5	12.0	26%	16
Dom Development SA	Poland	10/23/2006	Zloty	85	121	42%	443
GAGFAH SA	Germany	10/18/2006	Euro	19	22.6	19%	3401
GWB Immobilien AG	Germany	10/3/2006	Euro	12.5	12.7	2%	40
HELMA Eigenheimbau AG	Germany	9/18/2006	Euro	20	18.9	-6%	34
<b>Far East</b>							
Putrajaya Perdana Bhd	Malaysia	10/17/2006	Ringgit	1.8	1.7	-6%	31
SPG Land Holdings Ltd	Hong Kong	10/9/2006	HKD\$	4.8	5.6	17%	373
Shui On Land Ltd	Hong Kong	10/3/2006	HKD\$	5.4	6.4	20%	1645
Nomura Real Estate Holdings Inc	Japan	10/3/2006	Yen	3900.0	4210.0	8%	2930
Star Mica Co Ltd	Japan	10/2/2006	Yen	250000.0	262000.0	5%	86
<b>South America</b>							
Brascan Residential Properties SA	Brazil	10/23/2006	Real	16.3	18.0	10%	739
PAZ Corp SA	Chile	10/19/2006	Peso	402.0	400.0	0%	n/a
Klabin Segall SA	Brazil	10/9/2006	Real	15.2	15.3	1%	211
<b>Middle East</b>							
Emaar Economic City	Saudi Arabia	10/6/2006	Riyal	10.0	22.3	123%	3207
							3207
<b>Total</b>							<b>15594</b>

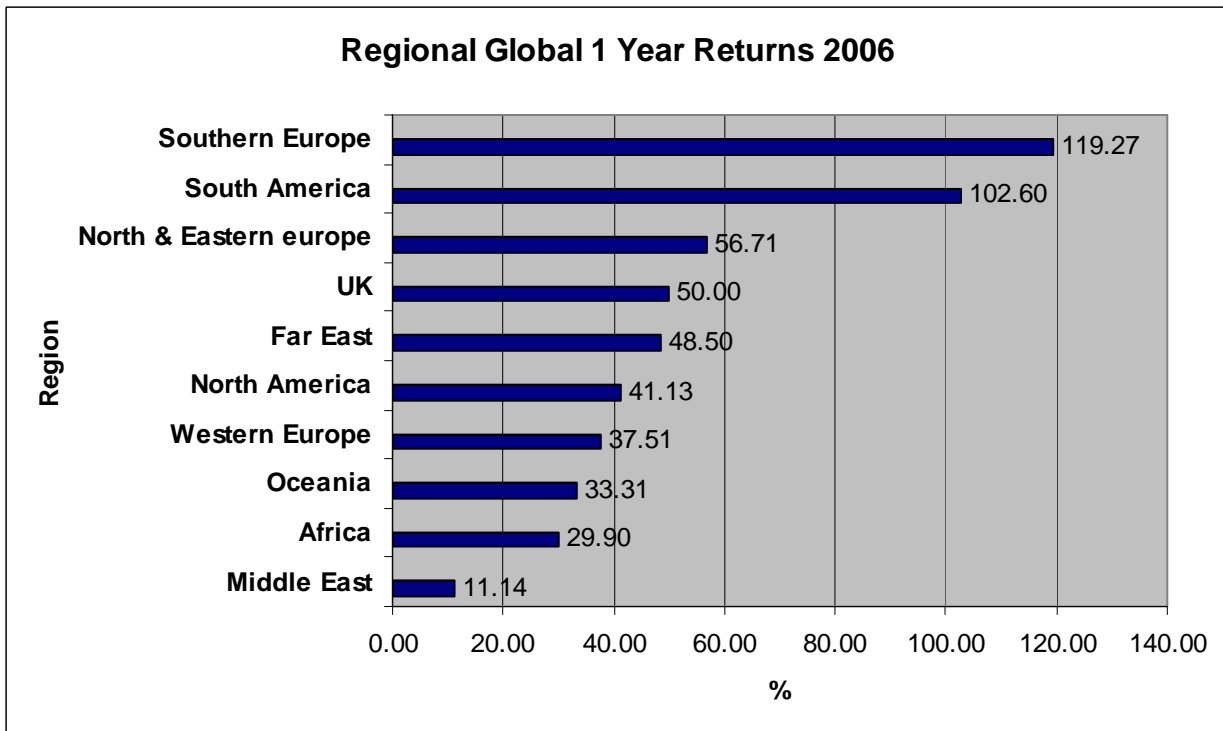
# Regional Commentary

**Chart 1: Global Returns by region October**



Source: AME Capital / Bloomberg

**Chart 2: Global Returns by Region 1 Year**



Source: AME Capital / Bloomberg

# Regional Commentary

- In a month where all regions of the world produced positive returns, **South America** came out on top with a market capitalisation weighted total return of 15.25%. The largest listed real estate company in the region, Cyrela Brazil Realty SA returned 18.11% and the second largest Gafisa SA 11.79%. Cyrela, a developer has recorded a total return of 143.87% for the year to date. Mexico's Consorcio ARA SA de CV returned 13.31% in October. During October 3 new companies listed in South America. Two Brazilian IPO's added around £950m (Brascan Residential Properties SA and Klabin Segall SA) and PAZ Corp SA listed in Chile.
- Morocco's recently listed Douja Promotion Groupe Addoha SA has continued to perform well since its July listing. It is the largest **African** company with a capitalisation of £1.3bn and also the best performing returning 33.4% for the month, influencing Africa's second placing in the regional performance graph. The company are Morocco's largest developer of low cost housing. Residential price rises for the year have been estimated as high as 30% and conservative estimates are around 15%. Morocco is undergoing a Government led development boom, with a stated intention of increasing the number of annual tourists to 10m by 2010. This will be achieved by the construction of 6 new costal resorts, new motorways, regional airports (plus an open skies policy) and construction of other leisure infrastructure.
- In the **Middle East** one event dominated events during October and that was the IPO of Emaar the Economic City ("EEC"). It listed in Saudi Arabia on the 7<sup>th</sup> of October and is the largest listed Saudi real estate company with a market capitalization of £3bn. The share price more than tripled on the first day of trading after the shares were sold at 10 riyals and ended the day at 30.5. The offer was more than twice oversubscribed attracting bids from almost half the Saudi Arabian population. After the IPO, EEC announced it was planning to expand the project fourfold with the Chairman Mohamed Alabba saying "We are creating a new nerve-center for global businesses that look at Saudi Arabia for the investment opportunities provided by the kingdom". The ECC IPO boosted the total returns and size of Saudi Arabia's listed real estate sector. Saudi returns were 55.01% for October and the size of the listed real estate market grew to £6.6bn making it 0.76% of<sup>th</sup> the global listed real estate market, up from 0.6% in September. Saudi Arabia is now the 18<sup>th</sup> largest listed real estate market globally.
- **Southern Europe's** returns of 7.18% are completely explained by the performance of 3 stocks. Metrovacesa returned 22.5%, Astroc Mediterraneo 44.4% and Riofisa 15.2%. Removing these companies the regions returns drop to 1.4%. In addition to the fight for control of Metrovacassa, they announced a doubling of Q3 profits. During October Astroc agreed to buy Landscape from Sabadell which will increase profits by a third. Riofisa announced it was to lead a €200m logistics centre near Madrid. Towards the end of September Riofisa announced it was to invest €111m in Romanian property and €335m in Bulgarian property in Sofia.
- **Northern and Eastern Europe** produced consistent returns with only the small markets of Bulgaria and Latvia showing poor returns. One evident trend for the month was the larger Scandanavian countries out-performed the smaller companies. JM AB and Kungsleden AB with market capitalisations around £1bn produced returns of 10.5% and 9.28% respectively. Property values in Sweden continue to climb enabling Kungsleden to announce a rise in net income of 43%. Sweden's Ljungberggruppen AB agreed to buy Atrium AB for £991m adding real estate valued at around £1bn and a pipeline valued at around £364m.
- **North America** returned 6.13%. During October the largest ever REIT IPO listed in the US. While it is not the largest REIT Douglas Emmitt's market cap is over £1.5bn and listed at the high end of the price range. The larger REITs performed consistently well with only 4 of the 76 US real estate equities over £1bn showing negative returns. CB Richard Ellis had a particularly strong month with returns of 22.1%. CBRE announced it would be replacing Bell South corp in the S&P500, which was subsequently delayed, announced its Q3 profit rose 62%,and CBRE acquired Trammell Crow in a deal valued at around \$2.2bn. Other notable activities included the acquisition of Trizec by a Brookfield Properties Corporation and Blackstone Properties joint venture valued at around \$7.2bn. Lehman Bros announced it was to start a \$7.5bn property fund. Economic data on US house prices was released and showed a decline in the month of September.

# Regional Commentary

- **UK** performed well returning 5.78%. Four standouts were London Merchant Securities, Savills PLC, Minerva Plc and Songbird Estates. They returned 16.65%, 13.33%, 15.73% and 13.18% respectively. London Merchant's shares continued to rise on the back of the merger talks with Great Portland, and CBRE announced they will sell the stake in Savills which Trammell Crow held. Minerva announced a return to profit at the end of September and their shares have continued to rise. Songbird announced their net loss shrank to £16.2m from £67.4m as vacancy rates in the portfolio reduced. CBRE's prime Central London rent index rose by over 3% in Q3 and is up nearly 10% in the past year with vacancy rates falling. The UK REIT legislation continues to push ahead and recent updates will limit corporate ownership to 10% while allowing private investors, trusts and funds unrestricted ownership.
- The **Far East** returned 4.2% for October. Of the countries making up the Far East, Thailand was the best performer returning 11.9% followed by India 11.1%, Philippines 8.6%, Taiwan 7% and Japan on 5.8%. All these countries significantly out-performed their equity markets as shown in Table 1. China was the worst performing region in terms of real estate equity performance compared to the overall equity market under-performing by 3.79%. The listed real estate sectors of Hong Kong, Singapore, Indonesia and South Korea also under-performed their stock markets as seen in Table 1. The Far East added over £5bn in IPO activity with Shui on Land (the Vincent Lo controlled Chinese apartment and office builder) gaining 10% on its first day of trading and 20% to date. Hong Kong's second mainland Chinese focused October listing SPG Land Holdings has surged 17% to date indicating strong demand for Hong Kong listed Chinese focused real estate equities.
- **Western Europe**, although the second bottom region, returned 2.93% for October. The important news coming from Western Europe on the 2<sup>nd</sup> of November is that German cabinet approved a plan for REIT's to be introduced in Germany. The contention around the inclusion of residential property has meant that residential property built before 2007 was excluded. Other main points of the legislation are:
  - They are obliged to become listed companies
  - They are exempt from corporate and local business tax provided their main business is the purchase, management and sale of real estate. Full income tax is payable by investors.
  - No investor may own more than 10%.
  - Companies selling property into a REIT pay tax on only half the estimated value of the asset (limited to the first three years from the date on enactment).
  - Property sold to a REIT must be at least 50% commercial measured by m<sup>2</sup> .
- **Oceania** returned 1.6% during October. One year returns remain strong at 33.3%. Gold Coast based Sunland Group were the best performing company over £300m returning 23.2%. Their 2006 profits were \$72.3m up from 2005's \$30.7m. Sunland also announced a move into Dubai. PBL's James Packer became a Non-Executive Director in July.

\* Note1: all stock returns quote in this article are total returns and weighted by pounds sterling market capitalisation.

\* Note2: Return numbers were frozen on the 30th of October 2006

\* Note3: Return numbers are sourced from Bloomberg

# REITs

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

Listing Country	Number of Companies	Mkt cap > £100m	Mkt cap > £1bn	Sector Mkt cap £	% of REIT mtk	% of Global listed Real Estate Market
US	204	161	60	221,395,966,950	1.97%	25.21%
Australia	66	39	11	47,615,194,808	9.36%	5.42%
France	25	18	7	24,101,332,459	2.87%	2.74%
Japan	39	33	4	18,957,665,062	0.81%	2.16%
Canada	35	22	3	12,983,351,584	1.81%	1.48%
Netherlands	8	7	3	11,849,060,293	3.59%	1.35%
Singapore	13	13	2	6,132,426,135	5.82%	0.70%
Hong Kong	4	4	1	3,377,854,234	0.72%	0.38%
Belgium	13	9	0	3,184,348,431	1.97%	0.36%
New Zealand	8	5	0	1,243,923,691	6.10%	0.14%
South Africa	5	5	0	1,200,854,944	0.44%	0.14%
Taiwan	7	5	0	854,520,406	0.32%	0.10%
South Korea	13	2	0	609,626,791	0.17%	0.07%
Turkey	9	1	0	601,782,734	0.81%	0.07%
Greece	2	1	0	360,060,422	0.52%	0.04%
Malaysia	8	1	0	343,552,551	0.44%	0.04%
Thailand	7	1	0	257,011,272	0.35%	0.03%
Bulgaria	12	0	0	117,940,629	11.75%	0.01%
<b>Grand Total</b>	<b>478</b>	<b>327</b>	<b>91</b>	<b>355,186,473,394</b>	<b>49.82%</b>	<b>40.45%</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>markets</b> <b>October</b>	<b>Table 7:</b> <b>REIT performance 12 months</b>	<b>markets</b>	<b>Table 8:</b> <b>REIT markets relative performance</b>	<b>relative performance</b>																																																																																																																								
<table border="1"> <thead> <tr> <th>Major REIT markets</th> <th>October %</th> </tr> </thead> <tbody> <tr><td>US</td><td>6.29</td></tr> <tr><td>France</td><td>4.06</td></tr> <tr><td>Japan</td><td>3.67</td></tr> <tr><td>Singapore</td><td>2.76</td></tr> <tr><td>Canada</td><td>2.57</td></tr> <tr><td>Belgium</td><td>1.88</td></tr> <tr><td>Netherlands</td><td>1.42</td></tr> <tr><td>Australia</td><td>0.93</td></tr> <tr><td>Hong Kong</td><td>-3.24</td></tr> <tr> <th>Smaller REIT markets</th> <th>October %</th> </tr> <tr><td>Thailand</td><td>11.83</td></tr> <tr><td>South Africa</td><td>10.28</td></tr> <tr><td>Turkey</td><td>9.00</td></tr> <tr><td>Greece</td><td>6.71</td></tr> <tr><td>Taiwan</td><td>0.94</td></tr> <tr><td>New Zealand</td><td>0.85</td></tr> <tr><td>South Korea</td><td>-0.99</td></tr> <tr><td>Malaysia</td><td>-1.55</td></tr> <tr><td>Bulgaria</td><td>-4.80</td></tr> </tbody> </table>	Major REIT markets	October %	US	6.29	France	4.06	Japan	3.67	Singapore	2.76	Canada	2.57	Belgium	1.88	Netherlands	1.42	Australia	0.93	Hong Kong	-3.24	Smaller REIT markets	October %	Thailand	11.83	South Africa	10.28	Turkey	9.00	Greece	6.71	Taiwan	0.94	New Zealand	0.85	South Korea	-0.99	Malaysia	-1.55	Bulgaria	-4.80		<table border="1"> <thead> <tr> <th>Major REIT markets</th> <th>12 months %</th> </tr> </thead> <tbody> <tr><td>France</td><td>42.64</td></tr> <tr><td>Hong Kong</td><td>41.70</td></tr> <tr><td>US</td><td>39.37</td></tr> <tr><td>Netherlands</td><td>32.12</td></tr> <tr><td>Canada</td><td>31.86</td></tr> <tr><td>Australia</td><td>28.93</td></tr> <tr><td>Singapore</td><td>24.60</td></tr> <tr><td>Japan</td><td>18.81</td></tr> <tr><td>Belgium</td><td>14.89</td></tr> <tr> <th>Smaller REIT markets</th> <th>12 months %</th> </tr> <tr><td>Thailand</td><td>56.25</td></tr> <tr><td>Greece</td><td>41.09</td></tr> <tr><td>South Africa</td><td>20.22</td></tr> <tr><td>New Zealand</td><td>19.38</td></tr> <tr><td>Malaysia</td><td>17.86</td></tr> <tr><td>South Korea</td><td>11.45</td></tr> <tr><td>Taiwan</td><td>9.26</td></tr> <tr><td>Turkey</td><td>6.37</td></tr> <tr><td>Bulgaria</td><td>n/a</td></tr> </tbody> </table>	Major REIT markets	12 months %	France	42.64	Hong Kong	41.70	US	39.37	Netherlands	32.12	Canada	31.86	Australia	28.93	Singapore	24.60	Japan	18.81	Belgium	14.89	Smaller REIT markets	12 months %	Thailand	56.25	Greece	41.09	South Africa	20.22	New Zealand	19.38	Malaysia	17.86	South Korea	11.45	Taiwan	9.26	Turkey	6.37	Bulgaria	n/a		<table border="1"> <thead> <tr> <th>Major REIT markets</th> <th>Relative 12 month Performance</th> </tr> </thead> <tbody> <tr><td>US</td><td>15.31</td></tr> <tr><td>France</td><td>15.00</td></tr> <tr><td>Canada</td><td>8.31</td></tr> <tr><td>Hong Kong</td><td>7.39</td></tr> <tr><td>Japan</td><td>5.15</td></tr> <tr><td>Netherlands</td><td>3.56</td></tr> <tr><td>Australia</td><td>0.86</td></tr> <tr><td>Singapore</td><td>-3.77</td></tr> <tr><td>Belgium</td><td>-12.23</td></tr> <tr> <th>Smaller REIT markets</th> <th>Relative 12 month Performance</th> </tr> <tr><td>Thailand</td><td>41.10</td></tr> <tr><td>Greece</td><td>11.30</td></tr> <tr><td>New Zealand</td><td>3.90</td></tr> <tr><td>Malaysia</td><td>3.53</td></tr> <tr><td>South Korea</td><td>-5.51</td></tr> <tr><td>Taiwan</td><td>-13.89</td></tr> <tr><td>South Africa</td><td>-17.76</td></tr> <tr><td>Turkey</td><td>-17.90</td></tr> <tr><td>Bulgaria</td><td>n/a</td></tr> </tbody> </table>	Major REIT markets	Relative 12 month Performance	US	15.31	France	15.00	Canada	8.31	Hong Kong	7.39	Japan	5.15	Netherlands	3.56	Australia	0.86	Singapore	-3.77	Belgium	-12.23	Smaller REIT markets	Relative 12 month Performance	Thailand	41.10	Greece	11.30	New Zealand	3.90	Malaysia	3.53	South Korea	-5.51	Taiwan	-13.89	South Africa	-17.76	Turkey	-17.90	Bulgaria	n/a	
Major REIT markets	October %																																																																																																																												
US	6.29																																																																																																																												
France	4.06																																																																																																																												
Japan	3.67																																																																																																																												
Singapore	2.76																																																																																																																												
Canada	2.57																																																																																																																												
Belgium	1.88																																																																																																																												
Netherlands	1.42																																																																																																																												
Australia	0.93																																																																																																																												
Hong Kong	-3.24																																																																																																																												
Smaller REIT markets	October %																																																																																																																												
Thailand	11.83																																																																																																																												
South Africa	10.28																																																																																																																												
Turkey	9.00																																																																																																																												
Greece	6.71																																																																																																																												
Taiwan	0.94																																																																																																																												
New Zealand	0.85																																																																																																																												
South Korea	-0.99																																																																																																																												
Malaysia	-1.55																																																																																																																												
Bulgaria	-4.80																																																																																																																												
Major REIT markets	12 months %																																																																																																																												
France	42.64																																																																																																																												
Hong Kong	41.70																																																																																																																												
US	39.37																																																																																																																												
Netherlands	32.12																																																																																																																												
Canada	31.86																																																																																																																												
Australia	28.93																																																																																																																												
Singapore	24.60																																																																																																																												
Japan	18.81																																																																																																																												
Belgium	14.89																																																																																																																												
Smaller REIT markets	12 months %																																																																																																																												
Thailand	56.25																																																																																																																												
Greece	41.09																																																																																																																												
South Africa	20.22																																																																																																																												
New Zealand	19.38																																																																																																																												
Malaysia	17.86																																																																																																																												
South Korea	11.45																																																																																																																												
Taiwan	9.26																																																																																																																												
Turkey	6.37																																																																																																																												
Bulgaria	n/a																																																																																																																												
Major REIT markets	Relative 12 month Performance																																																																																																																												
US	15.31																																																																																																																												
France	15.00																																																																																																																												
Canada	8.31																																																																																																																												
Hong Kong	7.39																																																																																																																												
Japan	5.15																																																																																																																												
Netherlands	3.56																																																																																																																												
Australia	0.86																																																																																																																												
Singapore	-3.77																																																																																																																												
Belgium	-12.23																																																																																																																												
Smaller REIT markets	Relative 12 month Performance																																																																																																																												
Thailand	41.10																																																																																																																												
Greece	11.30																																																																																																																												
New Zealand	3.90																																																																																																																												
Malaysia	3.53																																																																																																																												
South Korea	-5.51																																																																																																																												
Taiwan	-13.89																																																																																																																												
South Africa	-17.76																																																																																																																												
Turkey	-17.90																																																																																																																												
Bulgaria	n/a																																																																																																																												

Source: AME Capital / Bloomberg

# AME Capital Indices

- The October returns for the AME REIT indices were generally low except for the US which produced 7.02% and the much smaller markets of South Africa 10.32%, Greece 6.04% and Turkey 8.64%. These indices are market cap weighted total return indices re-weighted daily.

**Chart 4: AME Capital Global REIT Indices**

AMEP1		N2N121		Govt		AMEP	
200<Go> to view in Launchpad							
19:18 AME Global REIT Indices							PAGE 1 / 1
Name	Index Value	Daily Up/Down	1-Wk% Return	1-Mo% Return	1-Yr% Return	Market Cap(£bn)	Time
1) AME Australian REIT	134.51	+0.43	-1.29	-0.52	26.26	43.9	11/01
2) AME Belgium REIT	136.69	+2.35	1.17	0.91	15.90	3.0	11/01
3) AME Canadian REIT	161.78	-0.84	0.02	2.41	39.63	12.6	11/01
4) AME France REIT	195.81	+2.27	0.44	3.35	46.95	21.1	11/01
5) AME South Korea REI	129.87	+0.03	0.23	1.05	13.32	0.4	11/01
6) AME New Zealand REI	135.79	+0.95	1.00	0.64	20.05	1.2	11/01
7) AME Netherland REIT	155.68	+2.15	0.79	0.58	35.11	11.9	11/01
8) AME Taiwan REIT	106.62	+0.11	0.25	1.40	6.11	0.3	11/01
9) AME Japan REIT	132.36	+0.88	0.43	3.29	21.99	17.1	11/01
10) AME South Africa RE	151.97	+6.64	6.96	10.32	19.70	1.2	11/01
11) AME Singapore REIT	157.92	+0.62	0.07	1.15	26.37	4.6	11/01
12) AME Malaysia REIT	109.07	+0.14	-0.77	-1.23	-6.00	0.3	11/01
13) AME Hong Kong REIT	149.44	+0.75	0.28	-1.02	0.00	2.7	11/01
14) AME Greece REIT	145.12	+2.00	1.37	6.04	27.63	0.4	11/01
15) AME Turkey REIT	202.24	+1.79	3.83	8.64	-4.13	0.2	11/01
16) AME US REIT	159.70	+0.51	1.27	7.02	48.20	119.8	11/01
17) AME Bulgaria REIT	96.27	-0.01	-0.03	-2.32	0.00		11/01

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.

**Chart 5: European securitised sector returns**

AMEP2		N2N121		Govt		AMEP	
200<Go> to view in Launchpad							
19:20 AME Sector Indices							PAGE 1 / 1
Name	Index Value	Daily Up/Down	1-Wk% Return	1-Mo% Return	1-Yr% Return	Market Cap(£bn)	Time
1) AME UK Industrial	145.12	+1.53	0.10	0.97	38.27	5.0	11/01
2) AME UK Retail	167.73	+2.88	0.25	7.13	55.29	5.6	11/01
3) AME UK West End	182.78	+4.76	2.38	4.87	68.72	3.8	11/01
4) AME Paris Office	159.04	+0.64	0.31	-1.12	27.47	2.3	11/01
5) AME Eurozone Retail	167.03	+1.19	1.46	1.13	38.39	11.4	11/01
6) AME Eurozone Indust	144.52	+0.49	1.06	0.92	23.29	1.8	11/01
7) AME Australian Offi	123.69	+0.29	-2.03	-1.32	26.92	2.5	11/01
8) AME Australian Reta	144.32	+0.11	-0.28	0.68	27.11	18.4	11/01
9) AME Australian Indu	149.72	+0.26	0.17	-0.60	38.25	0.9	11/01
10) AME Tokyo Office	141.38	--	-0.33	3.80	30.32	6.0	11/01
11) AME Japan Retail	166.90	+0.46	-2.19	-1.90	18.71	4.6	11/01
12) AME Japan Industria	125.00	+0.41	-0.56	1.34	-3.96	0.7	11/01

Source: AME Capital / Bloomberg

# Specialist Real Estate Equity Funds

**Chart 6: European Real Estate Equity Funds October returns**

**Top 10 Ranked: By October Returns**

Fund Name	Asset Manager	October Return %	Q3 return %	Q2 return %	Q1 return %	YTD return %
ODIN EIENDOM	ODIN Fund Managers/Norway	8.0	10.0	-11.6	17.8	23.7
AVADIS IMMOBILIEN EUROPA	Avadis Anlagestiftung/Switzerl	6.6	9.7	-4.5	18.6	36.7
MORGAN STANLEY INS INTN RE-A	Morgan Stanley Institutional F	6.0	11.9	-1.2	17.5	37.7
TR PROPERTY INVESTMENT TRUST	Thames River Capital UK Ltd	6.0	13.4	-9.7	28.1	38.9
MORGAN ST SICAV EURO PROP-A=	Morgan Stanley SICAV Funds/Lux	5.7	15.6	-5.7	17.7	35.6
HENDERSON HORIZ-PAN EU PR-A2	Henderson Horizon Funds/Luxemb	5.7	13.5	-5.8	18.9	34.2
CONSTANTIA EUROPN PROPRTY-A	CPB KAGmbH/Austria	4.9	14.8	-5.2	21.2	38.4
ESPA STOCK EUROPE-PROPERTY-T	Erste Sparinvest KAG/Austria	4.7	13.4	-6.9	20.6	33.4
CAPITAL INVEST EUROPA REAL-A	Capital Invest die KAG der Ban	4.7	12.6	-7.6	18.9	29.5
ABN AMRO PROP SEC FD EUROPE	ABN AMRO Funds/Netherlands	4.6	12.9	-3.5	16.8	33.1
UNWEIGHTED AVERAGE		3.4	13.0	-4.9	18.6	31.9
MEDIAN		3.2	13.5	-4.6	18.7	32.9

Source: AME Capital / Bloomberg

In addition to listed real estate companies we also monitor specialist property equity funds. At present we divide them into Funds with a Global mandate and those with a European mandate. We currently monitor over 50 European focused Funds and over 100 Global Funds. We show here the top ten performing Funds of those monitored in each category.

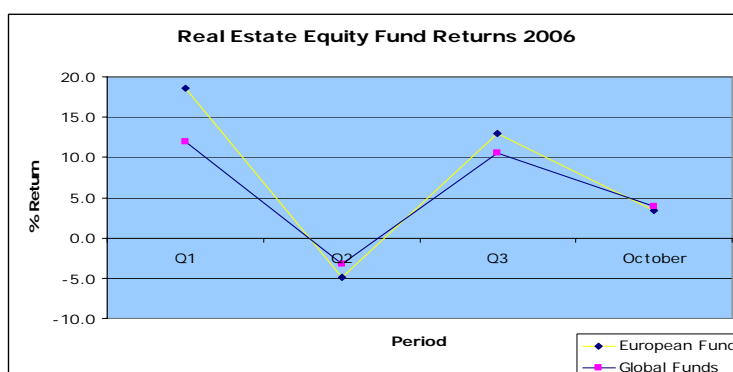
**Chart 7: Global Real Estate Equity Funds October returns**

**Top 10 Ranked: By October Returns**

Fund Name	Asset Manager	October Return %	Q3 return %	Q2 return %	Q1 return %	YTD return %
ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	9.7	18.9	-0.7	14.8	48.7
GLOBAL PROPERTY EMERGING MKT	IFAG Institutionelle Fondsleit	9.3	18.0	-17.4	18.3	26.1
OASIS PROPERTY EQUITY FUND	Oasis Crescent Management Co L	6.9	9.3	-10.6	20.2	25.5
FIDELITY REAL ESTATE INVEST	Fidelity Funds/USA	6.8	8.3	-1.3	13.6	29.7
ABN AMRO REAL ESTATE FD-N	ABN AMRO Funds/USA	6.7	8.7	-0.4	14.4	32.0
JOHN HANCOCK II-REAL EST-1	John Hancock Funds/USA	6.7	9.6	-1.0	14.5	32.5
OLD MUTUAL HEIT REIT FD-Z	Old Mutual Funds/USA	6.3	8.5	-1.4	13.7	29.4
UNITED REAL ESTATE INV POOL	United Funds/Canada	6.3	9.3	-6.4	15.6	25.8
FIDELITY ADV REAL ESTATE-A	Fidelity Funds/USA	6.3	8.8	-0.5	14.6	32.0
SUN CAPITAL REAL ESTATE FD	Sun Capital Funds/USA	6.2	9.0	-1.1	16.5	33.4
UNWEIGHTED AVERAGE		4.0	10.6	-3.3	12.0	24.7
MEDIAN		4.1	10.6	-3.0	11.9	25.2

Source: AME Capital / Bloomberg

**Chart 8: Global & European Equity Funds Year to Date**



Source: AME Capital / Bloomberg