



PROPERTY INVESTMENT INDICES

IPD is the world leader in performance analysis for the global owners, investors, managers and occupiers of real estate, through the provision of independent market indices and individual portfolio analysis services. Operating on five continents, IPD provides its index and benchmark services in over twenty of the world's leading real estate investment markets. An independent company, IPD does not participate in investment markets and does not offer consultancy advice on investment decisions or other real estate issues.

The Index basics

IPD's services to the global real estate investment industry continue to widen their horizons, and increase in depth. IPD now produces indices for more than 20 markets, plus the IPD Pan-European and Global property indices. 2008 will see the official launch of the IPD Global Property Index, under whose umbrella all the existing indices will fall. A complete set of market sector indices is also calculated for each of these, and for

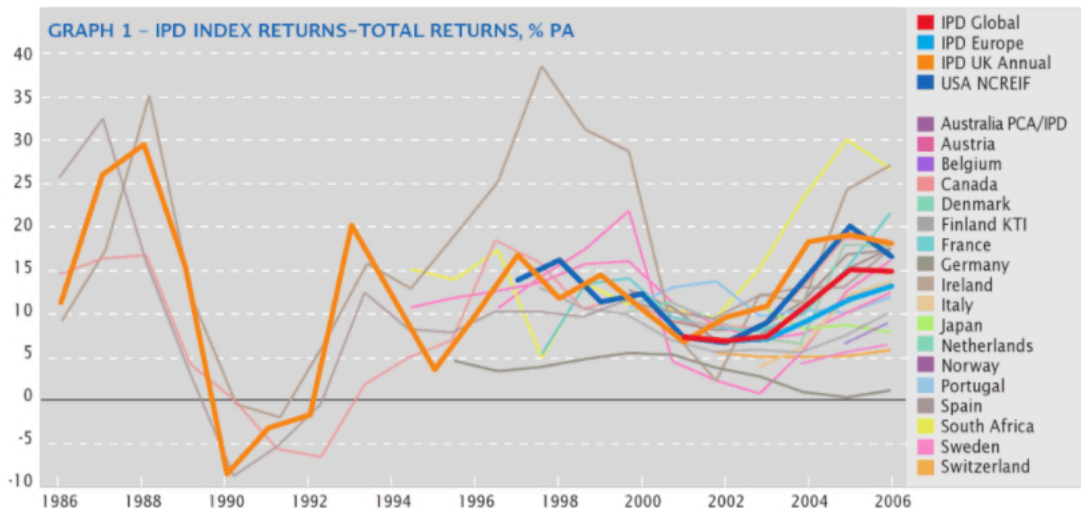
the regional and global indices. These indices are definitive; the underlying data is sourced from IPD's global dataset, which is the most comprehensive of its kind in the world.

Each of the above indices is calculated at least once a year, which is the minimum availability of valuations accepted for properties within IPD's databank and indices, but some countries have more regularly-calculated indices. Most of IPD's country indices have historical data

running sufficiently far back to allow both forecasting and the introduction of property index derivatives.

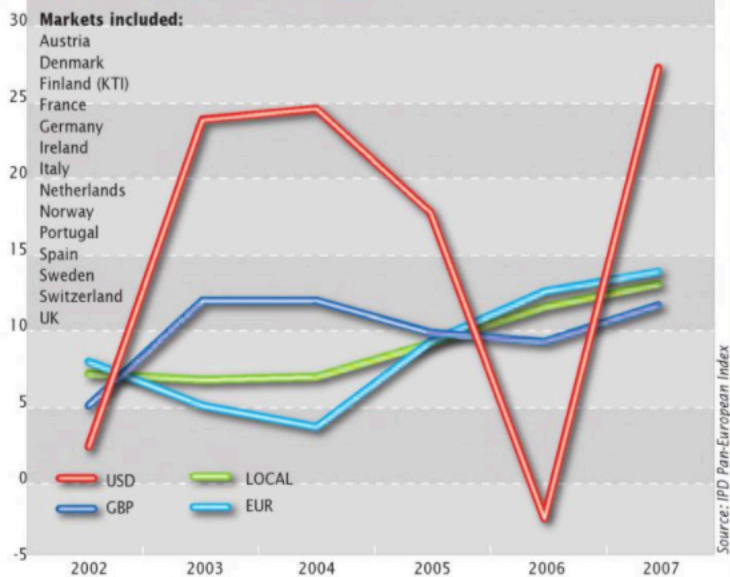
The indices use independent valuations placed on buildings, and are calculated by value-weighting the buildings, i.e. with each building contributing to the index in proportion to its capital employed. This methodology brings the IPD Indices as closely as possible in line with the indices used for other asset classes, given the huge differ-

GRAPH 1 - IPD INDEX RETURNS-TOTAL RETURNS, % PA



Source: IPD Multinational Index Spreadsheet

GRAPH 2 – IPD PAN-EUROPEAN INDEX TOTAL RETURNS, % PA INVESTOR AND LOCAL CURRENCIES



ence in frequency of data availability. It is effectively the valuation method that diverges significantly, and this is because there are insufficient actual direct property trades within the commercial real estate market to support a sufficiently accurate and representative index, especially at sector and regional levels. Only those buildings held within regularly and professionally valued investment portfolios are eligible for inclusion in IPD's property indices. To ensure the indices offer the best possible representation of the returns available to investors, only properties that have valuations based on full open market appraisals of the retained assets, are used. All valuations must be conducted by qualified values in accordance with industry standards, and wherever possible should be independent of the property owners or managers. The indices report the return on capital employed in market standing investments, i.e. properties held from one valuation to the next, excluding any properties bought,

sold, under development or subject to major refurbishment in the course of the measurement period.

Because the various national market indices are all built from the detailed financial records of individual properties (whether calculated by IPD or by one of its partners), the performance of the indices can be fully deconstructed to allow for the precise analysis of performance drivers and focused reporting of index subsets. However, publication procedures are strictly controlled to ensure that no identifiable fund or asset level performance information can be gleaned from analysis of any of the indices. Composition and construction rules for IPD's indices are reviewed regularly by independent advisory groups, with members drawn from property investors, market participants, universities, chartered surveyors and trade bodies. There is also a separate Portfolio Analysis Service Consultative Group which advises on IPD's measurement techniques and procedures. >>



Gareth Parker
Director of Indices, IPD

Gareth Parker, Director of Indices at IPD, is an acknowledged expert in the creation and management of indices.

At IPD Gareth is responsible for the co-ordination of IPD's index design, production, quality control and delivery across all the markets covered by the company. He previously held various roles at FTSE, the global index company, primarily designing and supporting the key equity indices in many countries. Most recently he headed FTSE's Alternative Assets Business Unit, working on indices in other asset classes, including hedge funds and property.

MORE INFORMATION

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IPD INDEX COVERAGE AND RELEASE TIMETABLE 2008

Country	Index (Monthly)	Index starts	Index Frequency	No of properties**	Capital value bln.**	Next release date
Japan	IPD Japan monthly indicator - Sept 07	2003	Monthly	1,561	44.1	18/02/08
UK	IPD UK Monthly property index - Dec 07	1987	Monthly	4,109	68.2	14/02/08
Country	Index (Quarterly, Q3 07)	Index starts	Index Frequency	No of properties**	Capital value bln.**	Next release date
Australia	PCA/IPD Australia property index	1984	Quarterly	749	55.7	22/02/08
Ireland	SCS/IPD Irish quarterly property index	1984	Quarterly	325	5.9	30/04/08
New Zealand	Property Council/IPD New Zealand property index	1989	Quarterly	292	3.5	22/02/08
Norway*	IPD Norwegian property index	2007	Quarterly	304	8.4	28/03/08
UK	IPD UK Quarterly property index	2001	Quarterly	8,549	177.1	30/04/08
Country	Index (Bi-annual)	Index starts	Index Frequency	No of properties**	Capital value bln.**	Next release date
France	IPD French property index	-	Bi-annual (from 2008)	-	-	13/10/08
Italy	IPD Italian property index	2004	Bi-annual (from 2008)	-	-	07/11/08
South Africa	SAPOA / IPD South Africa property index	-	Bi-annual (from 2008)	-	-	TBC
Country	Index (Annual)	Index starts	Index Frequency	No of properties**	Capital value bln.**	Next release date
Austria	IPD Austrian property index	2004	Annual	908	7.8	02/05/08
Belgium*	IPD Belgian property index	2005	Annual	227	5.1	06/05/08
Canada	ICREIM / IPD Canadian property index	1986	Annual	2,050	48.0	19/02/08
Denmark	DEI / IPD Danish property index	2000	Annual	1,222	12.1	28/02/08
KTI Finland	KTI index	1998	Annual	2,830	17.1	28/02/08
France	IPD French property index	1998	Annual	7,518	99.6	04/04/08
Germany	DIX German property index	1996	Annual	2,938	53.9	15/04/08
	IPD German residential property index	1996	Annual	4,471	4.5	TBC
Italy	IPD Italian property index	2004	Annual	840	13.8	11/04/08
Japan	IPD Japan property index	2002	Annual	1,048	27.5	01/09/08
Korea*	IPD Korean property index	2007	Annual	70	2.4	31/03/08
Netherlands	ROZ / IPD Dutch property index	1995	Annual	5,669	45.2	06/03/08
	AEDEX / IPD Dutch social housing index	1999	Annual	10,427	72.6	15/05/08
Norway	IPD Norwegian property index	2000	Annual	497	10.8	28/03/08
Portugal	Imometrica / IPD Portuguese property index	2001	Annual	587	7.8	26/03/08
South Africa	SAPOA / IPD South Africa property index	1995	Annual	2,478	12.0	31/03/08
Spain	IPD Spanish property index	2001	Annual	549	15.6	04/04/08
Sweden	SFI / IPD Swedish property index	1997	Annual	1,027	21.9	27/02/08
	IPD Swedish residential property index	2003	Annual	3,078	18.9	01/04/08
Switzerland	Wüest & Partner / IPD Swiss property index	2002	Annual	3,478	29.4	10/04/08
UK	IPD UK Annual property index	1971	Annual	12,137	284.6	22/02/08
	IPD UK Residential investment index	2001	Annual	8,520	-	17/04/08
	IPD UK Rural property investment index	1981	Annual	-	-	TBC
	IPD UK Regeneration index	-	Annual	581	-	TBC
	IPD UK Forestry index	1997	Annual	-	-	TBC
CEE*	IPD Central/Eastern European property index	2005	Annual	127	3.7	20/05/08
Nordic	IPD Nordic property index	2000	Annual	5,576	61.9	TBC
Pan-European	IPD Pan-European property index	2001	Annual	40,234	625.2	15/05/08
Global	IPD Global property index	2001	Annual	52,493	964.4	30/06/08

* Consultative Index

** As at last release

Source: IPD

The global IPD property indices

IPD will in 2008 launch the first global index of direct property investment returns. This index, which has been trialed in two consultative releases, comprises 18 national IPD annual indices from across the globe, plus the NCREIF US Property Index and the KTI Finland Property Index. A full series of regional and sector indices will also be included.

The IPD UK property indices

IPD continues to calculate three headline IPD UK property indices, one annually, one quarterly, and one on a monthly basis. These indices have two particular features representing the most advanced index methodology IPD calculates:

- Each month the data collected for the IPD UK Monthly Property Index is used to provide an indication of the likely current level of the IPD UK Annual and Quarterly Property Indices, were they to be calculated monthly, by reweighting monthly results in line with the market segment profiles of the Annual and Quarterly Indices.
- In most of IPD's non-UK indices, when new funds are added to the index, their performance histories are incorporated into the index history which is thereby restated to provide a more accurate longer term statement of historical returns. Within the UK, and in some other markets, the service provided by IPD has benefited from a particularly broad coverage over a long period. As a result of this, IPD has been able to 'freeze' the

historical index results at the all properties and main sector levels, providing stable historical data series that can be used for more precise historical performance analysis and trading, thus avoiding the more complicated documentation process that would otherwise be required by those pricing derivatives. We hope that in the future we will be able to extend this policy to more of our non-UK indices.

The headline IPD UK Annual Property Index covers approximately 12,100 properties with a total capital value of approximately £191 bln. as at December 2006, with a historical time series back to 1980, and a further ten years that rest upon a considerably reduced sample. Today's coverage represents over 80% of the total combined value of the property assets held by UK institutions, trusts, partnerships and by listed property companies. The IPD UK Quarterly Property Index has approximately 8,500 properties valued at approximately £133 bln. at the end of Q3 2007, and the IPD UK Monthly Property Index covers approximately 4,200 properties whose value at the end of October 2007 was approximately £56 bln.

Derivatives based on IPD indices

IPD's indices have become the core underlying tool for an explosion during 2006 and into 2007 in the use of property index-linked derivatives. This new market continues to trend upwards. Although primarily a UK phenomenon at present, active markets are emerging in France and Germany; trading has started in Australia, Italy, Japan

and Switzerland (as well as on the NPI in the US); and interest is evident in many other countries. The most commonly traded product is a total return swap that passes the performance of an IPD index in return for a cash payment based on LIBOR or EURIBOR plus or minus a spread. Some banks have started to offer index-based options, and Property Index Certificates (PICs) have been successfully traded for some years. In the UK, the monthly estimator of the IPD UK Annual Property Index is often used to price monthly flows between swap participants.

At the end of Q3 2007, 21 banks were licensed to trade IPD-based products and many more organizations have been counterparties to trades. By the same date over 700 trades had been completed, with a total value of £11.5 bln. Finally, the increasing liquidity in the UK property derivatives market has for the first time permitted swap pricing to give a guide to the market's current expectations of future underlying property performance over the next two to five years.

Using mid-prices from TFS and presuming an ongoing income for commercial property of 5%, the derivative market is (as at the end of November 2007) predicting a nearly 15% fall in capital values in 2008, as against an IPF consensus forecast of a 4% fall. The derivative pricing implies a 3.5% fall in 2009, a near-zero return in 2010 and only returns to positive territory in 2011 with a capital return of approximately 1.5% predicted. <<