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## 1Q'07 Global Property Quarterly

### Strengthening Fundamentals and 10% Earnings Growth Should Drive Global Property Stocks Higher

- **Global Property Stocks up 5.7% in 1Q'07, 370 bps Ahead of Global Broad Market** — In the first 2 months of 2007 global stocks were up 11% on the heels of the Equity Office bidding war, strong fundamentals and increasing real estate values. The market turned at the end of February when China's government announced plans to clamp down on illegal share trading and subprime woes in the US.
- **Outlook Remains Positive** — Global property markets are in a strong position to continue their robust earnings performance, with rising rents in high barrier markets, capital inflows, attractive valuations, and 10% earnings growth.
- **Blue Chips Stocks Outperform** — Blue chip stocks with the strongest management teams, located in key markets, with the highest quality assets appear to be a winning strategy globally. Our blue chip picks outperformed the index by 510 bps in 1Q'07 and 1,200 bps in 2006.
- **Emerging Markets Top Performance and a Great Opportunity** — Strong real estate growth, growing demographics, real estate securitization, and asset repricing provide incredible opportunities in the emerging markets. Emerging markets outperformed in 2006 & 1Q07 with returns of 77.8% and 6.1%, but the political and macro risks of investing in these areas needs to be taken into consideration.
- **Japan and Singapore Up 20%+ in 1Q'07 Driven by Fundamentals** — Japan and Singapore are experiencing some of the strongest growth in real estate fundamentals. Outperformance should continue and in the rest of Asia (ex Hong Kong) based on fundamentals, demographic trends, and cap rates continuing to converge globally. In addition, we have started to see M&A activity in Japan. Our model portfolio is underweight the US, Hong Kong, and New Zealand on rich valuations.
- **Developers Positioned to Outperform** — Developers will likely continue to benefit more from the cyclical upswing in the economy. Although more cyclical than the Investors; right now, we believe developers are the stocks to own. Developers outperformed investors by 810 bps in 1Q07. Our top picks list, focused on developers, outperformed the global index by 720 bps in 1Q07, returning 12.9%.
- **Smaller Cap Stocks Strong During Dwindraft** — Investors moved towards smaller caps during the dwindraft following share underperformance during the updraft.

See Appendix A-1 for Analyst Certification and important disclosures.

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## Global Analyst Coverage

Figure 1. Citigroup Global Property Analyst Coverage

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Source: Citigroup Investment Research

## Upcoming Citigroup Global Property Events

Figure 2. Upcoming Citigroup Global Property Events

Date	Name of Event	Location
23rd and 24th April 2007	Asian Property Conference	Singapore
24th and 25th October 2007	Greater China Conference	Macau, China

Source: Citigroup Investment Research

## Investment Summary

*Global property stocks were up 5.7% on a local currency basis in 1Q'07, benefiting from increasing rents, and improving real estate fundamentals following a stock price rally in 2006.*

### We Recommend Stocks in Japan, Australia, Europe, Malaysia, Taiwan

Expanding economies, strong fundamentals, and capital chasing real estate assets should continue to drive global stocks higher. Japan, China, Taiwan, Malaysia, Australia, and Europe are expected to have the strongest returns in the next 12 months ranging from 10% to 30%. The U.S., Hong Kong, Singapore, Thailand, and New Zealand are expected to lag as valuations are rich. Overall returns are expected to be between 0-10%, and a summary of our country allocations can be found in Figure 3. M&A activity and capital flows continue to support the U.S. and Europe, despite their stretched valuations. Unibail's (UNBP.PA - €210.49; 1L) acquisition of Rodamco (RDMB.AS - €111.47; 3L) was likely just the beginning of more M&A in Europe.

Figure 3. Expected Total Returns by Region and Model Portfolio Weights (as of April 17, 2007)

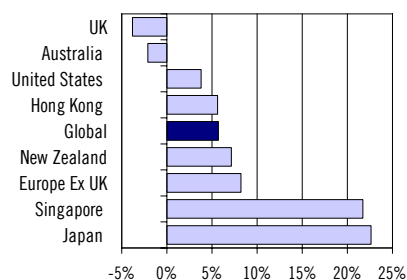
Country	2007 Expected Total Return Loc. Curr.	2007 Total Return, 1Q07 Loc. Curr.	2006 Total Return Loc. Curr.	Model Portfolio Weight	EPRA/ NAREIT Weight	Model Portfolio Weight
<b>North America</b>						
United States	-10% to +10%	4.5	36.7	29.9	40.6	underweight
Canada	N/A	7.7	29.1	0.0	3.4	underweight
<b>Total North America</b>		<b>4.7</b>	<b>36.1</b>	<b>29.9</b>	<b>44.0</b>	<b>underweight</b>
<b>Asia</b>						
Hong Kong	-2%	5.9	39.2	4.1	6.6	underweight
China	18%	(1.4)	N/A	4.4	1.4	overweight
Singapore	(9)%-15%	24.9	63.8	5.7	2.3	overweight
Japan	15%-25%	22.3	25.8	15.0	13.2	overweight
Malaysia	6%-23%	47.1	73.7	0.4	0.0	N/A
Taiwan	10%-20%	(19.5)	N/A	0.2	0.0	N/A
Thailand	1%-38%	1.7	26.6	0.4	0.0	N/A
<b>Total Asia</b>		<b>13.9</b>	<b>33.8</b>	<b>30.0</b>	<b>23.5</b>	<b>overweight</b>
<b>Australia/New Zealand</b>						
Australia	10%-20%	(1.5)	34.0	15.0	10.8	overweight
New Zealand	0%-10%	9.0	29.2	0.0	0.1	underweight
<b>Total Australia/New Zealand</b>		<b>(1.3)</b>	<b>34.0</b>	<b>15.0</b>	<b>10.8</b>	<b>overweight</b>
<b>Europe</b>						
UK/Europe	10%-15%	3.6	48.0	25.0	21.6	overweight
<b>Total UK/Europe</b>		<b>3.6</b>	<b>48.0</b>	<b>25.0</b>	<b>21.6</b>	<b>overweight</b>
<b>Total</b>	<b>0-10%</b>	<b>5.7</b>	<b>34.2</b>	<b>99.9</b>	<b>100.0</b>	

Source: Citigroup Investment Research

Note: The information in this chart is a collaboration of Citigroup Investment Research's Global Property analysts

Past performance is not an indicator of future results. Returns are gross of management and transaction fees. A full history of changes to our portfolio is available upon request.

Figure 4. Total Returns by Region in 1Q07  
(Local Currency)



Source: EPRA and Citigroup Investment Research

## First Quarter Outperformance of 370 bps Versus Global Index Returns of 2.0% Tied to Strengthening Fundamentals

Global property stocks were up a modest 5.7% in the first quarter, as strong real estate fundamentals were tempered by a pullback in the global markets in February when China's government announced plans to clamp down on illegal share trading and on subprime woes in the US. Japan and Singapore led the index with returns of 22.6% and 21.7%. The UK had a negative 3.8% return on concerns of valuation and increasing interest rates. Australia's 2.1% negative return was due to a large amount of equity raising in February.

## Blue Chips Stocks Continue to Outperform

Our blue chip list contains companies that we consider best-in-class within the REIT space. We believe that these are the companies with the strongest management teams, strongest asset quality, and locations in key markets. Our U.S. blue chip list has outperformed the NAREIT index every year since its inception in 1999 except 2001. Our global blue chip list outperformed the index by 510 bps in the first quarter with a return of 10.8% and outperformed by 1,200 bps in 2006 with a return of 49.2%.

Figure 5. Blue Chip List (as of April 17, 2007)

Company	Country	Property Type	Business Type	Rtg	Price		2006	Total Return 1Q07	YTD	Div Yld	2007 Earnings		NAV/Share 2006	Prem/(Disc) to NAV Spot	Market Cap USD
					17-Apr (Loc Cur)	2006					Growth	Mult			
<b>Americas</b>															
Simon Property	USA	Retail	Investor	1H	114.54	USD	36.2	10.7	13.91	3.0	8.0	19.7	117.43	(2.5)	33,845
ProLogis	USA	Indstl	Dvlpr/Inv	2H	65.83	USD	33.5	7.6	9.08	2.5	11.1	16.1	56.01	17.5	17,130
Public Storage Inc	USA	Slf-Strge	Investor	2H	96.33	USD	46.9	(2.4)	(0.69)	2.2	29.2	20.9	81.97	17.5	16,378
Boston Properties	USA	Office	Investor	2H	117.36	USD	61.9	5.5	5.51	2.4	6.3	24.7	105.20	11.6	16,496
Kimco Realty Corp	USA	Retail	Investor	2H	48.92	USD	44.4	8.4	9.63	3.0	15.5	19.2	33.67	45.3	12,713
Host Hotels & Resorts	USA	Hotel/Leis	Investor	1M	27.04	USD	32.1	8.0	10.96	3.7	18.1	14.7	28.70	(5.8)	14,915
<b>Asia</b>															
Mitsui Fudosan Co Ltd	Japan	Diversfd	Dvloper	1M	3,340	JPY	21.7	19.3	15.15	0.3	20.9	34.9	3,428	(2.6)	24,700
Sumitomo Realty & Dvlpmnt	Japan	Diversfd	Dvloper	1M	4,210	JPY	49.4	17.2	10.37	0.3	36.0	31.7	4,178	0.8	16,811
Hang Lung Props	HngKng	Diversfd	Dvloper	1L	23.65	HKD	65.4	12.7	21.95	2.2	116.6	24.8	28.75	(17.7)	12,542
Henderson Land	HngKng	Diversfd	Dvloper	1L	48.10	HKD	23.8	4.9	10.57	2.3	(7.8)	16.3	69.19	(30.5)	11,961
Nippon Building Fund Inc	Japan	Office	Investor	1L	1,850,000	JPY	62.5	23.4	17.09	2.1	2.7	31.4	1,063,000	74.0	7,902
Guangzhou R&F Props	China	Diversfd	Dvloper	1L	19.46	HKD	154.8	3.6	15.83	2.1	50.8	18.6	19.38	0.4	8,027
CapitaLand	Singapore	Diversfd	Dvloper	3L	8.55	SGD	85.5	29.0	37.90	0.9	(7.8)	25.7	5.72	49.4	15,790
City Developments	Singapore	Diversfd	Dvloper	1L	15.50	SGD	48.6	15.0	22.05	1.3	38.8	29.1	13.31	16.5	9,311
<b>Australia/New Zealand</b>															
Westfield Group	Australia	Retail	Investor	1M	20.93	AUD	21.7	0.5	2.19	5.1	8.7	19.7	21.26	(1.6)	31,086
<b>United Kingdom/Europe</b>															
Unibail	France	Diversfd	Investor	1L	209.07	EUR	67.3	23.1	13.49	2.8	27.4	25.1	181.07	15.5	12,944
Klepierre	France	Retail	Investor	2L	144.94	EUR	83.7	1.3	1.36	2.6	18.8	19.9	128.24	13.0	9,081
IVG Immobilien	Germany	Diversfd	Investor	1L	35.82	EUR	85.9	10.2	10.08	1.7	3.3	28.8	29.21	22.6	5,639
<b>Total / Weighted Average</b>							<b>48.4</b>	<b>10.8</b>	<b>10.1</b>	<b>2.4</b>	<b>19.8</b>	<b>23.1</b>	<b>8.9</b>	<b>277,273</b>	
<b>EPRA/NAREIT Total / Weighted Average</b>							<b>37.0</b>	<b>5.7</b>	<b>4.0</b>	<b>2.9</b>	<b>10.0</b>	<b>23.6</b>	<b>9.2</b>	<b>1,115,071</b>	

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

## Developers Top Our Top Picks

Developers will continue to benefit more from the cyclical upswing in the economy, in our view. Although more cyclical than the Investors; right now, we believe developers are the stocks to own. Developers are benefiting from attractive margins on the build for sale inventory in addition to the benefits from

improving fundamentals. As such, our top picks list is composed primarily of developers. Our top picks returned 12.9% in the first quarter, outperforming the EPRA/NAREIT index by 720 bps. Our updated top company picks list by region can be found in Figure 6.

Figure 6. Top Picks by Region (as of April 17, 2007)

Company	Country	Property Type	Business Type	Rtg	Price		Total Return			Div Yld	2007 Earnings		NAV/Share 2006	Prem/(Disc) to NAV Spot	Market Cap USD
					17-Apr (Loc Cur)	2006	1Q07	YTD	Growth		Mult				
<b>Americas</b>															
Host Hotels & Resorts	USA	Hotel/Leis	Investor	1M	27.04	USD	32.1	8.0	11.0	3.7	18.1	14.7	28.70	(5.8)	14,915
Simon Property	USA	Retail	Investor	1H	114.54	USD	36.2	10.7	13.9	3.0	8.0	19.7	117.43	(2.5)	33,845
Inversiones y Represent.	Argentina	Diversfd	Investor	1M	19.89	USD	40.0	13.1	17.6	-	34.3	26.9	N/A	N/A	866
<b>Asia</b>															
Mitsui Fudosan Co Ltd	Japan	Diversfd	Dvloper	1M	3,340	JPY	21.7	19.3	15.1	0.3	20.9	34.9	3,428	(2.6)	24,700
Henderson Land	HngKng	Diversfd	Dvloper	1L	48.10	HKD	23.8	4.9	10.6	2.3	(7.8)	16.3	69.19	(30.5)	11,961
Guangzhou R&F Props	China	Diversfd	Dvloper	1L	19.46	HKD	214.0	3.6	15.8	2.1	50.8	18.6	19.38	0.4	8,027
Wing Tai Holdings	Singapore	Diversfd	Dvloper	1L	3.40	SGD	59.2	39.5	49.1	1.5	11.5	17.1	3.15	7.9	1,616
Cathay RE Dvlpmnt	Taiwan	Residntl	Dvloper	1M	19.60	TWD	61.4	(16.9)	(16.2)	2.1	14.5	24.6	N/A	N/A	979
Preuksa Real Estate	Thailand	Diversfd	Dvloper	1M	5.60	THB	20.4	0.0	(0.9)	5.0	15.3	8.0	5.62	(0.4)	372
Mah Sing Group	Malaysia	Residntl	Dvloper	1L	5.20	MYR	128.6	48.2	54.8	3.3	11.5	13.3	N/A	N/A	271
<b>Australia/New Zealand</b>															
Westfield Group	Australia	Retail	Investor	1M	20.93	AUD	21.7	0.5	2.2	5.1	8.7	19.7	21.26	(1.6)	31,086
Macquarie Goodman Prop	NZealand	Diversfd	Investor	2L	1.56	NZD	62.4	12.9	10.1	5.7	(3.3)	15.2	1.13	38.1	731
<b>United Kingdom/Europe</b>															
IVG Immobilien	Germany	Diversfd	Investor	1L	35.82	EUR	85.9	10.2	10.1	1.7	3.3	28.8	29.21	22.6	5,639
<b>Total / Weighted Average</b>							<b>42.1</b>	<b>12.9</b>	<b>14.7</b>	<b>2.9</b>	<b>12.8</b>	<b>21.9</b>		<b>(3.5)</b>	<b>135,009</b>
<b>EPRA/NAREIT Total / Weighted Average</b>							<b>37.0</b>	<b>5.7</b>	<b>4.0</b>	<b>2.9</b>	<b>10.0</b>	<b>23.6</b>		<b>9.2</b>	<b>1,115,071</b>

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

### Emerging Markets Seeing Securitization of Real Estate; Cap Rates Compressing

Emerging markets offer investors opportunities for outsized returns. These markets should have real estate growth driven by the repricing of real estate, strong population growth, and real estate securitization. The S&P BMI emerging markets property index was up 6.1% in 1Q'07,, slightly outperforming the global property index, but it largely outperformed the global property index in 2006 when the emerging markets returned 77.8%. The lower performance in 2007 was likely tied to the overall market's downdraft. Shares were also pressured by the political turmoil in Thailand and concerns in China. Emerging Markets make up 4% of the total global property index, but will continue to grow, in our view. We are seeing several trends across the emerging economies that investors should take note of:

- **Strong Demographic Trends** — Emerging markets have strong population growth and solid GDP growth well above the global average;
- **New IPOs Make Investing Easier** — Property IPOs are providing opportunities for additional investors to enter the sector. A recent IPO in Brazil raised 376 million Reais (USD\$190mn) with more IPOs in India and Turkey expected in the future;
- **Emerging Markets May Be Illiquid** — Real estate investors have a limited amount of issues to invest in within the emerging markets. The market cap of

the 75 available issues is only \$45 billion, creating a situation where investments can become illiquid.

- **Macroeconomic Risks** — The increased instability of political regimes in emerging countries increases the risk of investing. Bombings and Political turmoil have shaken consumer confidence in Thailand and hurt shares;
- **Volatility a Concern** — The emerging markets present an attractive return scenario, but are more volatile than established economies. The 5 year standard deviation of quarterly returns for the emerging markets property index is 12.6% as compared to 7.6% for the Global Property Index, implying higher volatility and risk;
- **Government Support Leads to Investor Friendly Investment Structures**— For example, Malaysia's elimination of the capital gains tax on property made real estate investment more attractive investment.

### **Strong Capital Flows into the Sector Continue; REITs Come to Germany**

In the US, the wall of capital chasing real estate was likely sopped up in the first quarter by the resale of assets resulting from Blackstone's \$40 billion acquisition of Equity Office, but elsewhere the flow of capital into real estate and more M&A continue to support the sector. In Europe, legislation has been passed to create a REIT structure in Germany, allowing additional capital to enter the country. In Japan, there has been a large volume of foreign capital buying J-REIT shares.

The growth and proliferation of Global Real Estate Investment Funds from just \$200 million of assets under management to over \$32bn (Figure 9) over the course of 10 years has also helped to fuel the sector's growth. The amount of capital invested through managed accounts, which is harder to measure, significantly adds to this amount. The flow of capital into each of these regions is helping to drive share prices higher, but increasingly rich valuations are also making worthy investments in physical property much harder to find. In both the US and Europe, M&A activity within the space has kept stock prices up with acquisitions contributing to record highs.

### **Demand for Office Space in High Barrier Markets Continues to Lift Rents**

Expanding economies and low unemployment have created huge demand for office space in high-barrier-to-entry markets worldwide, driving up rents and strengthening fundamentals. In Japan, the office vacancy rate in the five wards of Tokyo is at only 3%, and grade A office rents in Singapore are projected to rise by roughly 40% in 2007. In New Zealand, CBD office space is experiencing above trend rent increases and outperforming both the industrial and retail sectors, resulting in cap rate compression.

### **Developers Offer Greater Value Opportunities**

In a global economic expansion the opportunity to make attractive returns by owning developers is strong; however, in a global economic downturn, developers will likely have more downside. Among the developers, those companies that have niche businesses and landbanks concentrated in high demand/growth areas are not surprisingly outperforming those in less desirable areas. It also appears that the developers and the companies with weaker price appreciation in 2006 are being boosted by investors looking for value in 2007.

## Strong Fundamentals and Falling Cap Rates Continue to Support Prices

In the first quarter the trends between different regions were strikingly similar:

- Rents and occupancies are climbing;
- Limited new supply in high barrier markets;
- Long-term interest rates remain benign or are falling in some regions;
- Accelerating fund inflows continue to push valuations higher;
- Cap rates continue to compress.

As global property fundamentals are moving in the same direction, cap rates have started to converge. Properties in major urban areas are trading at the lowest cap rates, with some New York and Tokyo office assets trading at sub-4% cap rates. A summary of cap rates by region is in Figure 7.

**Figure 7. Cap Rates Have Fallen By Region and Property Type**

	Retail	Office	Residential	Industrial	Lodging
<b>North America</b>					
United States	5.5% - 6.5%	5.0% - 6.0%	5.0%	5.5% - 6.5%	8.50%
<b>Asia</b>					
Japan	4.0% - 5.5%	3.5% - 5.0%	4.0% - 5.5%	4.5% - 6.0%	5.0% - 6.5%
Malaysia	8.0% - 10.0%	7.0% - 8.0%	6.0% - 7.0%	N/A	N/A
Singapore	5.0%	4.5% - 5.0%	4.0% - 5.0%	6.5% - 7.5%	N/A
Thailand	7.5%	6.0%	5.5%	8.0%	N/A
<b>Australia/NZ</b>					
Australia	6.0% - 7.0%	6.5%	N/A	7.2%	N/A
New Zealand	6.0%	6.8%	N/A	8.2%	N/A
<b>Europe</b>					
Continental Europe	4.9%	5.0%	3.5%	6.9%	6.50%
United Kingdom	5.0%	5.3%	N/A	6.0%	N/A

Source: Citigroup Investment Research

## Gone Global

The continued launch of REIT structures around the world is facilitating the transfer of ownership of real estate from the private to the public markets. To date, less than 10% of institutional real estate is held in the public markets, providing ample room for growth. Open end mutual funds dedicated with global mandates has mushroomed from just \$200 million to \$32 billion over the last ten years (see Figure 9), and new funds and mandates are rapidly growing, with a 26% increase over 4Q06. The emergence of global real estate exchange traded funds (ETFs) has also added to the inflow into real estate (see Figure 10). In addition, many fund managers also operate separately managed accounts (SMAs), which increasingly are looking for global exposure.

The total equity market cap of our 189 company global property coverage universe is approximately \$800 billion representing approximately 85% of the EPRA/NAREIT Global Real Estate index.



Liquidity and transparency are key considerations for global property investors and with that in mind, we created a screen of companies outside the U.S. with equity market capitalizations greater than \$5 billion (see Figure 8). These 42 companies (\$500 billion of market cap) will likely receive a disproportionate amount of capital from global property investors. However, we note that in some of these names, a single investor could have a large stake, making the tradable volume lower. Additionally, some existing companies have other interests beyond property. Large-cap stocks underperformed small caps in 1Q07 by 25 basis points outside the U.S. and outperformed by 20 basis points on a global basis.

Figure 8. Non U.S. Real Estate Companies with Market Capitalizations over \$5 billion (as of April 17, 2007)

Non-North American Companies, \$5 billion+ Equity Cap					Tot Return		Earnings		NAV/sh Loc Cur	Prem/ Disc to NAV	Equity Mkt Cap USD (mil)	EPRA Const
Company	Ticker	Country	Property Type	Business Type	1Q07 Loc Cur	YTD Loc Cur	Est, '07 Loc Cur	Growth 2007				
Westfield Group	WDC.AX	Australia	Retail	Investor	0.5	2.2	1.06	8.7	21.26	(1.6)	31,086	Y
Macquarie Goodman	MGQ.AX	Australia	Indstrl	Investor	(7.0)	(3.2)	0.32	18.1	7.14	2.0	10,174	Y
Stockland	SGP.AX	Australia	Diversfd	Investor	(1.6)	7.4	0.44	4.5	7.60	17.0	10,325	Y
GPT Group	GPT.AX	Australia	Diversfd	Investor	(10.5)	(8.9)	0.29	6.5	4.95	1.6	8,591	Y
Centro Property Group	CNP.AX	Australia	Retail	Investor	(4.3)	3.5	0.40	7.4	8.20	14.9	6,660	Y
Immoeast AG	IMEA.VI	Austria	Diversfd	Investor	5.2	5.5	0.75	(0.9)	-	-	8,561	Y
Immofinanz Immobilien	IMFI.VI	Austria	Diversfd	Investor	11.1	15.7	1.17	18.0	-	-	7,577	Y
China Overseas Land & Inv	0688.HK	China	Diversfd	Dvloper	(5.9)	3.3	0.56	58.5	10.15	6.2	9,805	Y
Guangzhou R&F Props	2777.HK	China	Diversfd	Dvloper	3.6	15.8	1.05	50.8	19.38	0.4	8,027	N
Unibail	UNBP.PA	France	Diversfd	Investor	23.1	13.5	8.34	27.4	181.07	15.5	12,944	Y
Klepierre	LOIM.PA	France	Retail	Investor	1.3	1.4	7.27	18.8	128.24	13.0	9,081	Y
Icade	ICA.PA	France	Diversfd	Investor	14.9	22.0	1.70	(24.7)	-	-	7,442	Y
Gagfah	GFJG.DE	Germany	Residntl	Investor	(15.2)	(12.2)	1.18	58.2	-	-	6,181	Y
IVG Immobilien	IVGG.DE	Germany	Diversfd	Investor	10.2	10.1	1.24	3.3	29.21	22.6	5,639	Y
Cheung Kong	0001.HK	HngKng	Diversfd	Dvloper	3.3	7.6	9.94	45.5	105.23	(2.1)	30,540	N
SHK Props	0016.HK	HngKng	Diversfd	Dvloper	2.0	4.9	4.28	(1.3)	109.02	(14.7)	29,666	N
Hang Lung Props	0101.HK	HngKng	Diversfd	Dvloper	12.7	21.9	0.95	116.6	28.75	(17.7)	12,542	Y
Henderson Land	0012.HK	HngKng	Diversfd	Dvloper	4.9	10.6	2.95	(7.8)	69.19	(30.5)	11,961	Y
Hongkong Land	HKLD.SI	HngKng	Office	Investor	17.1	16.6	0.13	16.1	4.60	0.9	10,650	N
Swire Pacific	0019.hk	HngKng	Diversfd	Investor	5.0	10.7	4.30	(2.1)	104.37	(11.4)	11,017	N
Sino Land	0083.HK	HngKng	Diversfd	Dvloper	(7.4)	(3.3)	0.88	(8.6)	13.35	30.9	10,326	Y
Wharf	0004.HK	HngKng	Diversfd	Dvlpr/Inv	0.9	1.6	2.03	16.2	44.67	(34.6)	9,150	N
New World Development	0017.HK	HngKng	Diversfd	Dvloper	13.2	18.7	0.64	(19.6)	-	-	8,422	Y
Kerry Props	0683.HK	HngKng	Diversfd	Dvloper	10.5	14.4	1.48	3.1	26.42	57.5	6,782	Y
Shimao Property	0813.HK	HngKng	Diversfd	Dvloper	6.2	30.5	0.76	(10.8)	18.33	3.8	7,463	Y
Mitsubishi Estate Co Ltd	8802.T	Japan	Diversfd	Dvloper	25.8	17.1	62	6.6	3,421	5.2	41,796	Y
Mitsui Fudosan Co Ltd	8801.T	Japan	Diversfd	Dvloper	19.3	15.1	96	20.9	3,428	(2.6)	24,700	Y
Sumitomo Realty & Dvlpmnt	8830.T	Japan	Diversfd	Dvloper	17.2	10.4	133	36.0	4,178	0.8	16,811	Y
Nippon Building Fund Inc	8951.T	Japan	Office	Investor	23.4	17.1	58,916	2.7	1,063,000	74.0	7,902	Y
NTT Urban Development	8933.T	Japan	Diversfd	Dvloper	20.2	17.6	4,073	8.6	292,288	(7.6)	7,472	Y
Tokyu Land	8815.T	Japan	Diversfd	Dvloper	20.1	14.3	58	N/A	-	-	5,761	Y
Japan REIT	8952.T	Japan	Office	Investor	23.2	20.9	47,910	6.0	846,151	80.8	5,275	Y
Rodamco Europe NV	RDMB.AS	Nthrlnds	Retail	Investor	3.2	10.1	4.43	4.8	82.62	34.4	13,504	Y
Corio NV	COR.AS	Nthrlnds	Retail	Investor	9.9	14.0	3.02	(0.6)	53.18	32.6	6,343	Y
CapitaLand	CATL.SI	Singapore	Diversfd	Dvloper	29.0	37.9	0.33	(7.8)	5.72	49.4	15,790	Y
City Developments	CTDM.SI	Singapore	Diversfd	Dvloper	15.0	22.0	0.53	38.8	13.31	16.5	9,311	N
Sacyr	SVO.MC	Spain	Diversfd	Dvlpr/Inv	(6.6)	1.1	2.58	39.3	N/A	N/A	16,891	N
Land Securities Group	LAND.L	UK	Diversfd	Investor	(7.9)	(9.7)	0.67	(4.9)	21.21	(1.1)	20,158	Y
British Land Co	BLND.L	UK	Diversfd	Investor	(10.5)	(11.0)	0.42	18.5	16.24	(6.4)	16,171	Y
Hammerson PLC	HMSO.L	UK	Diversfd	Investor	9.9	3.8	0.43	N/A	16.80	(3.5)	9,451	Y
Liberty International	LIIL	UK	Diversfd	Investor	(10.7)	(11.2)	0.39	14.5	13.61	(8.9)	9,085	Y
Slough Estates PLC	SLOU.L	UK	Indstrl	Investor	(0.2)	(2.6)	0.31	(2.3)	8.55	(10.5)	6,472	Y
<b>Total / Weighted Average</b>					<b>7.5</b>	<b>8.7</b>		<b>15.2</b>		<b>4.6</b>	<b>523,503</b>	
<b>EPRA/NAREIT Total / Weighted Average (Ex. US)</b>					<b>8.9</b>	<b>9.6</b>		<b>10.0</b>		<b>8.6</b>	<b>655,428</b>	
<b>EPRA/NARIET Total / Weighted Average (Total)</b>					<b>5.7</b>	<b>4.0</b>		<b>10.0</b>		<b>9.2</b>	<b>1,115,071</b>	

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter

Figure 9. Current Global Investment Funds (sorted alphabetically)

Fund Name	Bloomberg Ticker	1Q07 Total Return (%)	1Q'07 AuM (USD millions)	% Change		Country	Inception Date	North America	Asia	Europe
				AuM 4Q06 vs 1Q07						
AGF GL REAL ESTATE EQ CL-MF	AGFGREEQ	3.7%	64	103%		CA	6/5/1998	35.5	13.7	50.9
Aim Global Real Estate Fd-A	AGREX	6.1%	705	47%		US	4/29/2005	47.6	34.7	17.7
Alpine Intl Real Estate Eq-Y	EGLRX	7.8%	1,355	41%		US	2/1/1989	25.1	30.2	44.7
DAIWA GLOBAL REIT FUND - SMA	0431905B	-0.2%	88	nm		JN	11/30/2005	50.9	33.3	15.9
DAIWA GLOBAL REIT OPEN	04312056	0.4%	710	118%		JN	6/24/2005	50.9	33.3	15.9
Daiwa J-Reit Open	0431103B	25.1%	184	21%		JN	11/14/2003	0.0	100.0	0.0
Daiwa Resona Wrld Reit Fund	04313066	-1.1%	187	nm		JN	6/12/2006	50.9	33.3	15.9
DC DAIWA GLOBAL REIT IDX FND	04313058	2.0%	0	52%		JN	8/30/2005	71.4	20.1	8.6
DLIBJ DIAM WORLD REIT I F MD	47311066	3.8%	439	83%		JN	6/12/2006	67.5	24.3	8.2
Dlibj Diam World Reit Incm	47311044	1.7%	3,915	40%		JN	38100	58.0	25.4	16.6
Eii Global Property Fund	GLBPROI	7.3%	354	4%		ID	12/31/1998	0.0	44.9	55.1
Eii International Property-I	EIIPX	8.2%	393	25%		US	7/1/2004	0.0	41.3	58.7
F&C PORT FD-GLOB REAL EST SC	FOCGLRE	-0.7%	158	0%		LX	11/25/2002	53.5	14.9	31.6
FIDELITY FDS-GLOBAL PROP-AGBPD	FIGLOPA	2.9%	1,089	152%		LX	12/5/2005	44.1	29.5	26.5
Fidelity International Real Estate Fund	FIREX	4.7%	1,443	46%		US	9/8/2004	0.0	58.5	41.5
FIRST STATE GLOBAL PTY - S\$	FSIGPRI	2.7%	46	21%		SI	4/1/2005	63.6	17.1	19.3
Immo Plus Portfolio	IMMOPLP	7.0%	43	17%		AS	12/1/2004	41.8	18.3	39.9
ING GLOBAL REAL ESTATE FD-A	IGLAX	5.6%	1,218	51%		US	11/5/2001	48.5	31.2	20.4
IXIS AEW GLB RL ESTATE-IC\$	IXGRUIC	3.1%	42	15%		LX	1/11/2006	52.8	20.4	25.2
Kbc Privileged Port Real -C	KPR9023	3.1%	425	-2%		BB	37245	18.1	12.5	69.4
Kbc Select Immo World Plus	KBS2677	4.6%	193	4%		BB	3/13/1998	47.1	34.5	18.4
KOKUSAI WORLD REIT OPEN MDVD	11311047	1.4%	1,438	2%		JN	7/2/2004	51.7	36.3	12.0
MACKENZIE UN WLD REAL ES C-A	MUWRECCCL	1.0%	253	203%		CA	10/26/2000	42.3	12.8	43.1
MEINL GLOBAL PROPERTY FUND	JMGLPRO	4.9%	68	41%		AS	2/20/2006	15.5	19.4	65.0
NIKKO AMP GLBL REIT FD MD A	02311041	3.7%	1,296	3%		JN	1/27/2004	62.1	26.1	11.8
NIKKO AMP GLBL REIT FD MD B	02313063	3.2%	8	8%		JN	3/7/2006	62.1	26.1	11.8
NIKKO AMP GLOBAL REIT FUN 6M	02311047	3.8%	11	-4%		JN	7/1/2004	62.1	26.1	11.8
Nikko Global REIT Portfolio	02314054	3.6%	108	-1%		JN	4/22/2005	60.3	26.6	13.2
NIKKO ING GLOBAL INCM REIT	02311046	1.2%	4	-63%		JN	6/30/2004	71.2	18.0	10.8
NIKKO LASALLE GLOBAL REIT FD	02313043	3.4%	376	5%		JN	3/26/2004	72.0	15.0	13.1
NIKKO WORLD REIT FUND	02311045	3.5%	21	-1%		JN	5/11/2004	71.1	15.5	13.5
Nippon Global REIT Selection	09311051	-1.0%	435	95%		JN	1/27/2005	43.6	47.1	9.4
Nomura Global REIT Fund	01312052	-4.3%	5,820	17%		JN	2/21/2005	53.6	36.8	9.6
NOMURA JAPAN US REIT FUND	01311044	6.8%	2,957	53%		JN	4/30/2004	69.3	30.7	0.0
NOMURA WORLD REIT FUND A SMA	01319059	1.7%	9	12%		JN	9/29/2005	74.2	18.7	7.1
NOMURA WORLD REIT FUND B SMA	0131A059	2.1%	24	9%		JN	9/29/2005	74.2	18.7	7.1
Northern Trust Global Real Estate Index Fund	NGREX	5.6%	779	255%		US	8/7/2006	43.2	31.0	23.2
PROPERTY STOCKS OPPORTUNITY	HSBCPSO	6.2%	61	41%		LX	5/16/2006	22.4	46.1	31.5
ROBECO PROPERTY EQUITIES--D	RGCOPED	4.1%	186	-7%		LX	4/22/1998	33.4	44.5	22.1
S MITSUI GL REAL ESTATE F-BM	79311067	-0.1%	88	317%		JN	7/31/2006	45.1	43.6	11.3
S MITSUI GLOBAL REIT PLUS	79312067	-0.2%	519	56%		JN	7/31/2006	11.5	30.3	58.2
SARASIN REAL ESTATE EQ EUR-A	SARREEA	5.5%	275	11%		LX	12/6/2004	34.2	42.5	23.4
Schroders ISF Global Property Securities	SCHGPEA	5.0%	239	N/A		LX	10/31/2005	37.0	34.2	28.8
SEB INVEST OPTIMIX SUBSTANZ	SEBOSUB	0.2%	59	N/A		LX	9/4/2002	13.8	1.1	85.0
SEB REAL ESTATE EQUITY GLOBL	SEBREEG	2.1%	390	27%		GE	3/6/2006	24.8	39.8	35.4
STRATEGIE INDICE PIERRE	LGSTINP	1.6%	18	12%		FR	1/11/1988	0.0	0.0	100.0
SUMITOMO M GLBL REIT 3M DVD	79311046	0.3%	130	8%		JN	6/18/2004	44.4	42.7	13.0
SUMITOMO M GLOBAL REIT OP YD	79311064	0.2%	7	51%		JN	4/20/2006	45.1	43.6	11.3
SUMITOMO M GLOBAL REIT OPEN	79311041	0.3%	1,137	1%		JN	1/30/2004	45.1	43.6	11.3
Ta Idex Cla R/Estate Sec-A	ICRAX	5.4%	17	-1%		US	37681	47.4	33.5	19.1
UNITED REAL ESTATE INV POOL	OPTSREI	3.5%	722	0%		CA	5/8/1996	68.9	17.8	13.2
WWIDE INV PORT-GLOB RE ES-A\$	WIPGREA	5.7%	1,229	60%		LX	1/31/2005	46.0	34.1	19.9
<b>TOTAL ASSETS UNDER MANAGEMENT</b>		<b>2.4%</b>	<b>\$ 31,738</b>	<b>25.8%</b>				<b>47.3</b>	<b>32.8</b>	<b>19.2</b>
<b>EPRA/NAREIT TOTAL</b>		<b>5.7%</b>						<b>42.9</b>	<b>34.9</b>	<b>22.2</b>

Source: EPRA, Bloomberg, and Citigroup Investment Research

Figure 10. Current ETFs

	Name	Ticker	Focus	Primary Exchange	Inception Date	Total Assets (\$ Million)	YTD	Returns as of March 31, 2007		
								3 Month	1 Year	3 Year
US	ISHARES COHEN & STEERS RLTY	ICF	US	NYSE Arca	1/29/2001	3,076	4.8%	2.9%	20.1%	74.6%
	ISHARES DJ US REAL ESTATE	IYR	US	New York	6/19/2000	1,711	4.6%	2.3%	16.0%	55.8%
	DJ WILSHIRE REIT ETF	RWR	US	American	4/27/2001	1,417	5.2%	3.0%	16.3%	63.7%
	VANGUARD REIT ETF	VNQ	US	American	9/23/2004	1,732	5.0%	3.1%	16.8%	NA
Int'l	EasyETF EPRA EUROZONE	EEE	Europe	EN Paris	7/7/2004	980	7.4%	6.8%	44.3%	NA
	SPDR DJ WILSHIRE INTL REAL E	RWX	Int'l (ex US)	American	12/19/2006	1,417	9.4%	7.0%	NA	NA
	NORTHERN GLOBAL REAL ESTATE INDEX FUND	NGREX	Global	NASDAQ	7/26/2006	779	7.5%	5.6%	NA	NA
	STREETTRACK S&P/ASX 200 PROP	SLF	Australia	ASX	2/18/2002	109	0.7%	-1.2%	18.0%	51.2%
						<b>11,220</b>	<b>5.8%</b>			

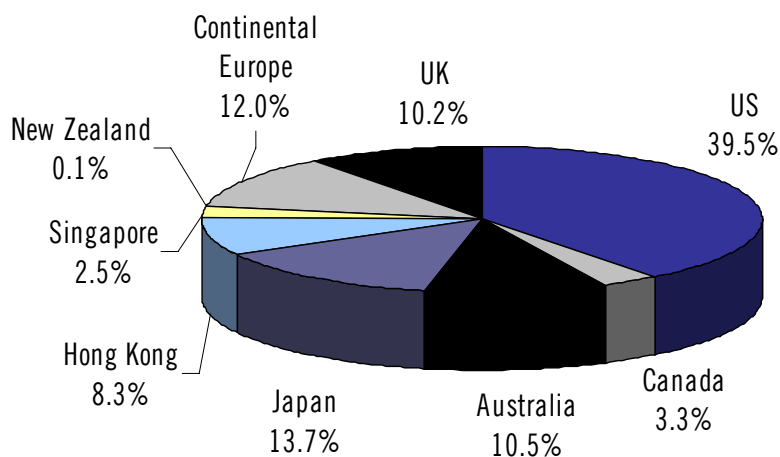
Source: EPRA, Bloomberg, and Citigroup Investment Research

Note: YTD data as of April 17, 2007

### US Share of Global Weight Continues to Shrink

The Global Property index has a 40% weighting in U.S. companies; it is likely a bit higher when one considers that 30% of the assets held by Australian property companies are invested in the US. Of the companies with equity capitalizations of over \$5 billion, U.S. representation is actually less (at approximately 40%), with the larger companies in Asia having a larger weight.

Figure 11. Weights in EPRA/NAREIT Global Real Estate Index (by Mkt Cap)



Source: EPRA and Citigroup Investment Research, as of March 30, 2007

## REIT Structures Continue to Spread

Germany became the most recent region to adopt REIT legislation (March 30, 2007) effective retroactive to January 1, 2007. The number of new REIT conversions in Germany is likely to be limited due to the lack of large listed property companies in Germany, though we do expect a number of new property IPOs. This is unlike the first phase after introduction of REIT legislation in France and the UK when the UK became 6% of the index. Seven more IPOs are expected in Europe in 2007 with roughly €4 billion value. The next countries to adopt REIT legislation are likely:

- **Finland** – legislation expected to take effect in the second quarter of 2007;
- **Italy** – REITs likely to be introduced in 2007;
- **India** – in process of forming REIT legislation;
- **Luxembourg** – in initial stages of planning;
- **Spain** – in initial stages of planning;

France, the Netherlands, and Greece are likely to make improvements to their real estate structures during 2007.

**Figure 12. Real Estate Investment Structures by Region**

	Country	REIT Structure	REIT Legislation Enacted	
North Amer	Canada	Income Trusts	1993	
	USA	Real Estate Investment Trust (REIT)	1960	
Latin Amer	Brazil	FII	1993	
	Mexico	Fibras	2004	
Europe & Africa	Belgium	Societe d'Investissement a Capital Fixe Immobiliere (SICAFI)	1995	
	Finland	Real Estate Investment Trust (REIT)	Pending	
	France	Societes D'Investissements Immobiliers Cotes (SIIC)	2003	
	Germany	Real Estate Investment Trust (G-REIT)	2007	
	Italy	Fondi di Investimento Immobiliare	1994	
	Luxembourg	FCP, SICAV, SICAF	1998	
	Netherlands	Fiscal Investment Institution (FBI)	1969	
	South Africa	South African Property Trust	2005	
	Spain	Fondos/Sociedades de Inversion Inmobiliaria	1994	
	Turkey	Real Estate Investment Companies	1998	
	United Kingdom	Real Estate Investment Trust (REIT)	2007	
	Asia	Australia	Listed Property Trust (LPT)	1971
		Hong Kong	Real Estate Investment Trust (REIT)	2003
India		Indian Real Estate Investment Trust (I-REIT)	Pending	
Israel		Real Estate Investment Trust (REIT)	2006	
Japan		Japanese Real Estate Investment Trust (J-REIT)	2001	
Malaysia		Real Estate Investment Trust	Late Eighties	
New Zealand		Predominantly Listed Property Trust (LPT)	1993	
Philippine		Real Estate Investment Trust (REIT)	Pending	
Singapore		Singapore Real Estate Investment Trust (S-REIT)	2002	
South Korea		CR-REIT, K-REIT	2001	
Taiwan		Real Estate Investment Trust	2003	
Thailand	Thai Property Trust	2005		

Source: Citigroup Investment Research

## **IPO Activity Likely to Pick Up in 2007**

Real estate IPOs continued in 1Q07 even as the flow of capital fueled M&A. A more-efficient tax structure is a major catalyst for property IPOs, and as legislation emerges globally, we expect IPOs to follow. IPO performance has been mixed, with bigger, internally managed property IPOs outperforming smaller externally managed IPOs.

**Europe** — 9 UK REITs were launched, making the UK 6% of the S&P/Citigroup World REIT Index. Seven more UK REITs are expected to go public this year with an estimated value of £3 billion (US\$5.4bn). With more REIT legislation on the agenda, there is a lot of room for growth, and the €10 billion (US\$13.5bn) mark in 2008 or 2009 does not look unrealistic.

**Asia** — One J-REIT held an IPO in the first quarter, taking the number of J-REIT stocks to 41 at the end of the quarter. There are likely to be six more property IPOs in Singapore this year. The pipeline of IPO's in China is also quite large.

**Australia** — Most recently, IPO product has been sourced from the Japanese market where an Australian REIT manager has partnered with a local Japanese property manager to source investment product from the Japanese market. Office and retail assets located within key markets in Japan, such as Tokyo and Osaka, are initially bundled into a seed IPO portfolio with the expectation that other assets will be acquired via the local manager in Japan. The legal structure of these IPOs is highly prescriptive given Japanese legislation, but the underlying attraction is the positive spread between debt funding 2.7%–2.9% and ingoing property yields of 4.25%–4.75%.

## **M&A Heating Up Globally**

The abundance of private capital entering the real estate is likely to accelerate the number of go-private transactions in the real estate space. The size of deals is also starting to grow, with Equity Office representing the largest takeout in history and the public-to-public takeover of Rodamco Europe (RDMB.AS - €111.47; 3L) for roughly \$15 billion, demonstrating potential transaction size. Unibail's acquisition of Rodamco will create the largest real estate company in Europe.

In the US and Europe, for example, M&A activity and private takeouts often create a floor in share prices, which helps to support real estate valuations. Japan is starting to see M&A as well with CapitaLand (CATL.SI - S\$8.55; 3L) taking a stake in BLife (8984.T - ¥721000.0; Not Rated) and GE taking a stake in LCP Investment (8980.T - ¥505000.0; Not Rated). Regions where there is less M&A activity do not have these supports in place and could therefore have weaker real estate valuations. The pace of M&A activity in the US and UK has compressed yields, however, and brought them closer to the cost of debt capital, making accretive acquisitions even more difficult and potentially slowing M&A activity in the near term.

## **No One Size Fits All in Global Property Valuation**

Earnings multiples, Net Asset Values (NAVs), and dividend yields are the common valuation methodologies around the globe, yet none can be universally applied. Practically speaking, it is likely best to use the valuations benchmarks that are used in common practice in a particular country or region. In Japan, dividend yield tends to be the primary valuation benchmark, while in Singapore, investors use dividend yield supported by NAV analysis. In Europe, UK and China NAV dominates valuation, while Australian investors focus on DCFs and

dividend yield and in the US, investors turn to FFO (earnings) multiples and NAV.

On a global basis, REITs valuations have fallen since February:

- The premium to NAV dropped from 26% to 9%, likely due to declining cap rates;
- Earnings multiple are now at 21x from 24x;
- 2.9% dividend yield remained flat;
- Leverage is conservative at 24% debt to enterprise value; and
- Global stocks offer 10% estimated earnings growth in 2007.

Figure 13. NAV Premium/Discount – By Region

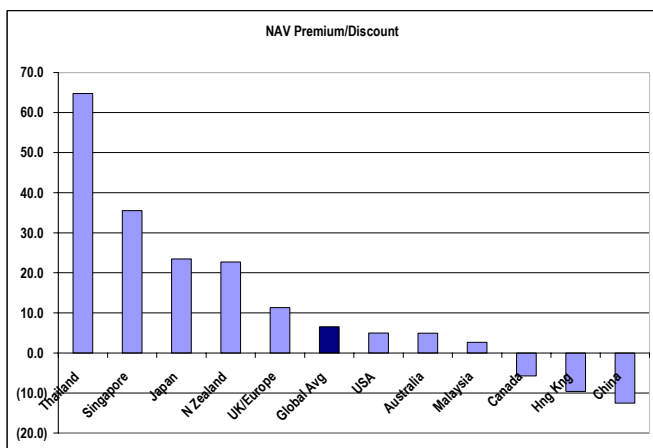
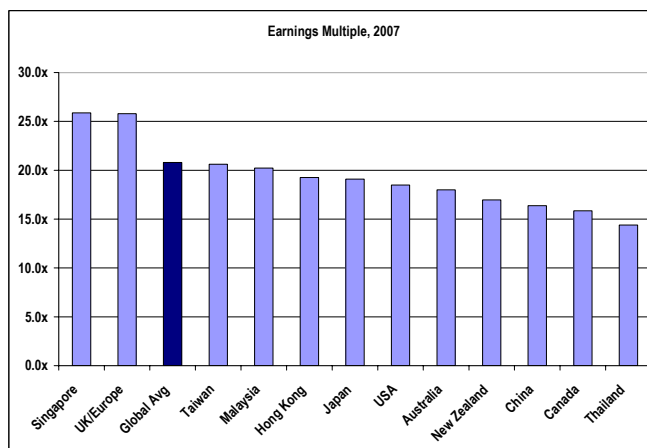


Figure 14. 2007 Earnings Multiple, By Region

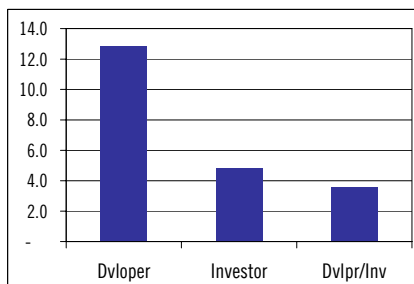


Source: Citigroup Investment Research, Bloomberg, FactSet, Reuters, EPRA/NAREIT

Note: Pricing as of March 30, 2007. Recent share price movement could lead to some movement in data.

Note: Japan and US/Canada multiples presented are on an FFO basis; others on EPS basis. Pricing as of March 30, 2007. Recent share price movement could lead to some movement in data.

**Figure 15. Global Property Returns, By Business Type (1Q07)**



Source: Citigroup Investment Research, SNL, Reuters, EPRA/NAREIT

Note: Recent share price movement could lead to some movement in data. Pricing as of March 30, 2007

### Developers Outperformed in 1Q07

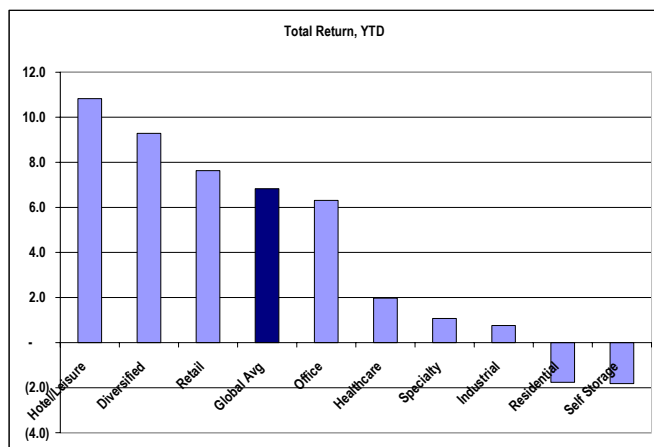
Developers build to own and build to sell assets, while the investors predominately buy and develop to hold. Developers lend themselves to an earnings growth model while owner/investors lend themselves to a NAV analysis. The majority of 72 developers are located in Asia, Australia and the UK.

In 1Q07, the “Developers” continued to outperform, returning 12.9% compared with 50.2% in February, while the Investors delivered 4.8% compared with 41.0% in February. The Developers were trading at a 35% multiple premium at the end of 1Q07 relative to a historical 8% discount, and we expect them to post significantly superior growth in 2007 versus the investors.

### Hotel, Self Storage, and Retail Focused REITs Best Performers in 1Q07

From a product type focus, the U.S. and Australia are the most focused, while the real estate companies in Asia and Europe tend to be diversified by property type. With the exception of the Australian listed LPTs, predominately all of the real estate companies are geographically-centric. From a property standpoint, which is largely driven by the U.S. REITs given their focus, the Hotel (total returns in Q107 were 11%), Self Diversified (9%) and Retail (7%) sectors produced the highest returns in 1Q07, while Self Storage (-2%) and Residential (-2%) produced the lowest global returns.

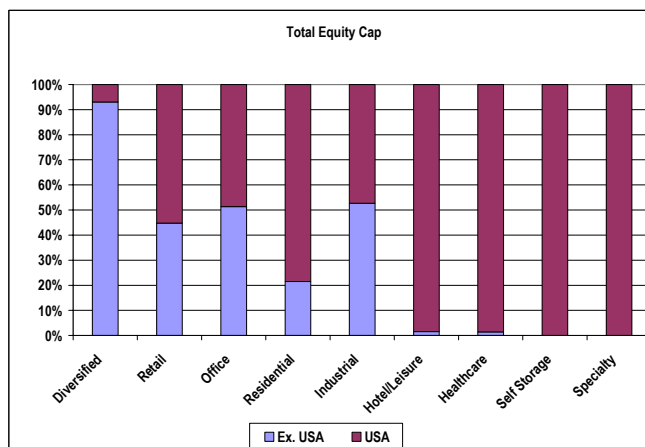
**Figure 16. Global Property Returns, By Region**



Source: Citigroup Investment Research, SNL, Reuters, EPRA/NAREIT

Note: Recent share price movement could lead to some movement in data. Pricing as of March 30, 2007

**Figure 17. Equity Capitalization Composition, By Region**



Source: Citigroup Investment Research, EPRA/NAREIT, Reuters, Bloomberg, FactSet, Company Documents

Note: Pricing as of March 30, 2007. Recent share price movement could lead to some movement in data.

### There Is a Long Way to Go in Real Estate Securitizations

Listed real estate makes up only 8.8% of total real estate globally (Figure 18) and makes up only 3.1% of the total stock market. This provides a huge amount of opportunity for real estate to be securitized and brought to the public market. As securitizations occur, investors will have added opportunities to diversify their portfolios which should drive property prices even higher.



Figure 18. Public Real Estate as a Percent of Total Real Estate and Stock Market

Countries	Total Real Estate (\$ Bn)	Total Listed Real Estate (\$ Bn)	Quoted RE Sector as a % Of Total Real Estate	Total Stock Market (\$ Bn)	Real Estate as % Of Total Stock Mkt
Austria	137	27	19.8%	228	11.8%
Belgium	166	7	4.2%	386	1.8%
Bulgaria	7	0	0.0%	10	0.0%
Czech Republic	25	0	0.0%	49	0.0%
Denmark	116	3	2.6%	246	1.2%
Finland	88	2.9	3.3%	279	1.0%
France	955	80.3	8.4%	2,513	3.2%
Germany	1,254	24	1.9%	1,783	1.4%
Greece	101	3.1	3.1%	211	1.5%
Hungary	37	0.6	1.5%	40	1.4%
Ireland	90	0	0.0%	147	0.0%
Italy	793	12.8	1.6%	1,077	1.2%
Luxembourg	16	1.5	9.3%	31	5.0%
Netherlands	283	34.1	12.0%	508	6.7%
Norway	133	4.8	3.6%	326	1.5%
Poland	96	7.8	8.1%	160	4.9%
Portugal	78	0	0.0%	114	0.0%
Romania	26	0.4	1.4%	29	1.2%
Russia	226	5	2.2%	1,006	0.5%
Slovakia	9	0	0.0%	7	0.0%
Slovenia	14	0	0.0%	17	0.0%
Spain	505	63.7	12.6%	975	6.5%
Sweden	162	20	12.3%	605	3.3%
Switzerland	165	9.3	5.6%	1,235	0.8%
Turkey	98	1.6	1.6%	166	1.0%
Ukraine	16	0	0.0%	66	0.0%
United Kingdom	1,251	122.8	9.8%	3,764	3.3%
<b>Total Europe</b>	<b>6,848</b>	<b>431.6</b>	<b>6.3%</b>	<b>15,976</b>	<b>2.7%</b>
Australia	311	120.1	38.7%	927	13.0%
Hong Kong/China	493	158.6	32.2%	3,188	5.0%
India	113	0.6	0.5%	859	0.1%
Indonesia	53	1.4	2.7%	134	1.1%
Japan	2,024	188.1	9.3%	4,911	3.8%
Malaysia	39	7	17.9%	257	2.7%
New Zealand	49	2.8	5.7%	42	6.8%
Philippines	18	4.9	27.7%	74	6.7%
Singapore	107	49.3	46.0%	391	12.6%
South Korea	329	1.1	0.3%	769	0.1%
Taiwan	139	5.1	3.6%	634	0.8%
Thailand	41	3.5	8.5%	135	2.6%
Vietnam	7	0	0.0%	-	0.0%
<b>Total Asia-Pacific</b>	<b>3,723</b>	<b>542.3</b>	<b>14.6%</b>	<b>12,319</b>	<b>4.4%</b>
Argentina	52	0.6	1.2%	51	1.2%
Brazil	215	0.6	0.3%	739	0.1%
Chile	38	0.4	1.1%	174	0.2%
Colombia	27	0	0.0%	50	0.0%
Mexico	242	0.1	0.0%	347	0.0%
Peru	19	0.1	0.3%	51	0.1%
Venezuela	40	0	0.0%	12	0.0%
<b>Total Latin America</b>	<b>632</b>	<b>1.7</b>	<b>0.3%</b>	<b>1,425</b>	<b>0.1%</b>
Canada	511	40.1	7.9%	1,466	2.7%
United States	5,616	509.7	9.1%	17,713	2.9%
<b>Total North America</b>	<b>6,127</b>	<b>549.7</b>	<b>9.0%</b>	<b>19,179</b>	<b>2.9%</b>
<b>World</b>	<b>17,329</b>	<b>1,525.40</b>	<b>8.8%</b>	<b>48,900</b>	<b>3.1%</b>

Source: EPRA/NAREIT and Citigroup Investment Research

Figure 19. Citigroup Investment Research Property Coverage: Americas. (Pricing as of 4/17/07.)

Americas									
Jonathan Litt (212) 816-0231 Senior Real Estate Analyst jonathan.litt@citigroup.com									
Office / Industrial / Mixed Office					Multifamily / Other				
<b>Michael Bilerman</b> (212) 816-1383 michael.bilerman@citigroup.com					<b>Craig Melcher</b> (212) 816-1909 craig.melcher@citigroup.com				
Steven Benyik (Office) (212) 816-6445					Skyler Cho (212) 816-6243				
Irwin Guzman (Industrial/Mixed Office) (212) 816-1685					Gregory Schweitzer (212) 816-4471 Emmanuel Korchman (Health Care) (212) 816-1382				
Company	Ticker	Price	Rtg		Company	Ticker	Price	Rtg	
<b>Office</b>					<b>Multifamily</b>				
Boston Prop.	BXP.US	117.36	2H		AIMCO	AIV.US	58.11	2H	
Brandywine Rlty.	BDN.US	33.54	2H		American Campus	ACC.US	30.70	2H	
Brookfield Prop.	BPO.US	40.07	2H		Archstone-Smith	ASN.US	54.09	2H	
Crescent R.E.	CEI.US	20.74	3H		AvalonBay	AVB.US	130.89	2H	
Mack-Cali Realty	CLI.US	48.80	3H		BRE Properties	BRE.US	62.89	2H	
HRPT Prop.	HRP.US	12.69	3H		Camden Prop	CPT.US	71.80	2H	
Kilroy Realty	KRC.US	75.05	2H		Colonial Prop	CLP.US	48.50	3H	
Corporate Office Prop.	OFC.US	47.92	2H		Education Realty	EDR.US	14.96	3S	
Parkway Prop.	PKY.US	54.00	3H		Equity Res	EQR.US	48.88	2H	
SL Green Rlty.	SLG.US	141.42	2H		Essex Property	ESS.US	129.15	2H	
<b>Focused Industrial</b>					<b>Manufactured Homes</b>				
AMB Property Corp.	AMB.US	61.88	2H		Affordable Residential	ARC.US	11.75	3S	
EastGroup Prop.	EGP.US	51.60	2H		Equity Lifestyle	ELS.US	56.40	2H	
First Industrial	FR.US	44.97	3H		Sun Comm	SUI.US	30.87	3H	
ProLogis	PLD.US	65.83	2H		<b>Storage</b>				
<b>Mixed Office/Industrial</b>					<b>Health Care</b>				
Alexandria R.E.	ARE.US	102.35	1H		Cogdell Spencer	CSA.US	21.08	3H	
Digital Realty Trust	DLR.US	40.15	2H		Health Care Prop.	HCP.US	36.86	2H	
Duke Realty	DRE.US	44.10	2H		Nationwide	NHP.US	32.49	2H	
Highwoods	HIW.US	42.44	3H		Ventas	VTR.US	42.42	2H	
Liberty Prop.	LYR.US	49.94	3H		<b>Public Storage</b>				
PS Business	PSB.US	71.55	2H		Public Storage	PSA.US	96.33	2H	
					<b>Sovran</b>				
					U-Store-It				
					YSL.US 19.14 3H				
Retail					Lodging				
<b>Ambika Goel</b> (212) 816-6981 ambika.goel@citigroup.com					<b>Joshua Attie</b> (212) 816-1533 joshua.attie@citigroup.com				
Emmanuel Korchman (212) 816-1382									
Company	Ticker	Price	Rtg		Company	Ticker	Price	Rtg	
<b>Regional Malls</b>					<b>Lodging REITs</b>				
CBL & Associates	CBL.US	47.77	2H		Diamondrock Hospitality	DRH.US	19.6	2H	
General Growth	GGP.US	64.38	1H		Equity Inns	ENN.US	17.03	2M	
Glimcher Realty	GRT.US	27.36	3S		Felcor Lodging Trust	FCH.US	26.44	2H	
Macerich Co.	MAC.US	96.03	2H		Highland Hospitality	HIH.US	19.04	2H	
Mills Corporation	MLS.US				Host Hotels & Resorts	HST.US	27.04	1M	
Simon Property	SPG.US	114.54	1H		Innkeepers Usa Trust	KPA.US	17.89	2M	
Taubman Centers	TCO.US	59.06	3S		Lasalle Hotel Props	LHO.US	49.16	2H	
<b>Shopping Centers</b>					<b>Lodging C-Corps</b>				
Acadia Realty	AKR.US	27.59	2H		Choice Hotels Intl	CHH.US	35.51	3M	
Cedar Shopping Centers	CDR.US	16.54	2S		Hilton Hotels	HLT.US	37.29	1M	
Developers Div.	DDR.US	65.44	3H		Marriott Int'l	MAR.US	51.66	1M	
Kimco Realty	KIM.US	48.92	2H		Morgans Hotel Group	MHGC.US	21.49	3S	
Kite Realty Group	KRG.US	21.03	2S		Orient-Express Hotels	OEH.US	54.79	2H	
New Plan Excel	NXL.US	33.14	2H		Starwood	HOT.US	69.20	1M	
Regency Centers	REG.US	84.39	2H		<b>Latin America</b>				
Tanger Factory	SKT.US	41.75	2H		<b>Stephen Trent</b> (212) 816-6901 stephen.trent@citigroup.com				
Weingarten Realty	WRI.US	48.12	2H		Inversiones y Representaciones SA IRS.AR 19.89 1M				
<b>Free Standing Retail</b>									
National Properties	NNN.US	24.73	2H						
Entertainment Prop.	EPR.US	63.17	2S						
Realty Income	O.US	28.57	3H						
Spirit Finance	SFC.US	14.25	2H						

Source: Citigroup Investment Research; pricing as of 4/17/07.



Figure 21. Citigroup Investment Research Property Coverage: Australia/New Zealand and Europe

Australia				Australia			
<b>Peter Cashmore</b>		<b>+61-2-8225-4867</b>		<b>Jenny Owen</b>		<b>+61-2-8225-4809</b>	
peter.cashmore@citigroup.com				jenny.owen@citigroup.com			
Jackie L. Tin		<b>+61-2-8225-4228</b>					
<b>Company</b>	<b>Ticker</b>	<b>Price</b>	<b>Rtg</b>	<b>Company</b>	<b>Ticker</b>	<b>Price</b>	<b>Rtg</b>
Centro Property Group	CNP.AU	9.42	2M	Macquarie Leisure Trust Group	MLE.AU	3.04	1M
CFS Retail Property	CFX.AU	2.39	2L	<b>New Zealand</b>			
Commonwealth Prop. Off. Fd	CPA.AU	1.45	2L	<b>Blair Cooper</b>			
DB RREEF Trust	DRT.AU	1.83	2M	blair.cooper@citigroup.com			
ING Industrial Fund	IIF.AU	2.46	2M	<b>Company</b>		<b>Price</b>	<b>Rtg</b>
ING Office Fund	IOF.AU	1.64	2L	AMP NZ Office Trust	APT.NZ	1.39	2L
Investa Property Group	IPG.AU	2.65	2M	Calan Healthcare Prop. Tr.	CHP.NZ	1.47	2L
Mirvac Group	MGR.AU	5.57	3M	Kiwi Income Property Tr	KIP.NZ	1.68	2L
Multiplex Group	MXG.AU	4.66	2L	Macquarie Goodman Prop Tr	MGP.NZ	1.56	2L
Stockland	SGP.AU	8.89	2L	Property for Industry Ltd	PFI.NZ	1.48	3L
Australia				Europe			
<b>Quentin Velleley</b>		<b>+61-2-8225-4870</b>		<b>Harry Stokes</b>		<b>+44-20-7986-4061</b>	
quentin.velleley@citigroup.com				harry.stokes@citigroup.com			
GPT Group	GPT.AU	5.03	2M	<b>Company</b>		<b>Price</b>	<b>Rtg</b>
Galileo Shop. Amer. Tr.	GSA.AU	1.23	2M	Hammerson PLC	HMSO.GB	16.21	2M
Macquarie CountryWide Tr.	MCW.AU	2.20	1M	Minerva PLC	MNR.GB	4.14	1H
Macquarie DDR Trust	MDT.AU	1.29	1M	<b>Europe</b>			
Macquarie Goodman Group	MGQ.AU	7.28	2M	<b>Sebastien Lalevee</b>			
Macquarie Office Trust	MOF.AU	1.58	3M	sebastien.lalevee@citigroup.com			
Macquarie ProLogis Tr.	MPR.AU	1.42	2M	<b>Company</b>		<b>Price</b>	<b>Rtg</b>
Reckson NY Prop. Tr.	RNY.AU	1.13	2M	Foncia Groupe	FCIA.FR	39.80	2L
Tishman Speyer Off. Fd	TSO.AU	2.68	2M	<b>Europe</b>			
Westfield Group	WDC.AU	20.93	1M	<b>Claus Roller</b>			
Valad Property Group	VPG.AU	2.11	1M	claus.roller@citigroup.com			
<b>Europe</b>		<b>+44-20-7986-3945</b>		<b>Gerhard Orgonas</b>		<b>+44-20-7986-4299</b>	
<b>Philippe Le Trung</b>				Patrizia Immobilien AG		15.10 3M	
philippe.letrung@citigroup.com				<b>Company</b>		<b>Price</b>	<b>Rtg</b>
Alban Lhonneur		<b>+44-20-7986-4184</b>		IVG Immobilien	IVGG.DE	35.82	1L
<b>Company</b>	<b>Ticker</b>	<b>Price</b>	<b>Rtg</b>	<b>Europe</b>			
Corio NV	COR.NL	70.54	3L	<b>Michael Gallagher</b>			
Eurocommercial Props	SIPF.NL	44.50	2L	michael.gallagher@citigroup.com			
Invista European Real Estate Trust	IERE.LU	2.20	1L	<b>Company</b>		<b>Price</b>	<b>Rtg</b>
Klepierre SA	LOIM.FR	144.94	2L				
Orco Property	ORCO.LU	125.96	1M	<b>Europe</b>			
Rodamco Europe NV	RDMB.NL	111.00	3L	<b>Michael Gallagher</b>			
Silic	SILP.FR	136.00	2L	michael.gallagher@citigroup.com			
Unibail	UNBP.FR	209.07	1L	<b>Company</b>		<b>Price</b>	<b>Rtg</b>

Source: Citigroup Investment Research. Pricing as of 4/17/07.

## Performance Recaps of 1Q'07 and Regional Outlook

### North America

#### ***United States:*** Next 12 Months Expected Total Return: -10% to 10%

REITs took a beating in the second half of 1Q07, down 12.3% from peak to trough, ceding much of the 13% total return that had been achieved during the rally early in the quarter. Broad market weakness, weaker than expected fourth quarter earnings, disappointing 2007 guidance and high valuations all contributed to the downdraft in 1Q07. The REITs were not able to recover following the downdraft with a return of only 3.5% for the first quarter.

The downdraft in real estate stocks over the last several weeks, which was felt around the globe, appears to have favored value-oriented names. The pattern observed during the first quarter was consistent with what we have seen historically. The tide has not turned entirely against the best-in-class REITs, in our view, and we are maintaining heavy overweight positions in blue chip REITs. The value names would likely outperform, however, if a sustained downdraft were to follow 1Q07's sell-off, as we believe the large-cap names are generally over-owned and trade at significant valuation premiums.

For the next 12 months we forecast a return of -10% to 10% as real estate fundamentals continue to be strong, but valuations remain rich following M&A activity in the sector.

**Top Pick:** Simon Property Group (SPG.N - US\$114.54; 1H)

**Country Weight in Model Portfolio:** Underweight

#### ***Lodging:*** Next 12 Months Expected Total Return: -10% to 10%

Lodging REITs were up 7.3% in the first quarter of 2007 as a result of strong industry fundamentals and robust private market demand for hotel real estate. We continue to favor the lodging c-corps over the REITs. The c-corps trade at more attractive valuations and, as the lodging cycle matures, can offset gradual domestic REVPAR deceleration with unit growth, international expansion, timeshare profits and share repurchases. We view lodging REITs as more leveraged to the U.S. lodging cycle. Generally, lodging companies are trading toward the high end of historical valuation ranges. That said, public company multiples are below private market valuations, and underlying cash flow growth is strong.

**Top Pick:** Host Hotels and Resorts (HST.N - US\$26.82; 1M)

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## Asia

In the Asia Pacific region, economic growth is fueling development and securitization of real estate through REITs, which in turn will likely drive activity in the property stocks. We view the broader region in two categories — the stable, growing economies of Hong Kong, Japan, and Singapore that are experiencing a REIT boom and the rapidly expanding economies of China, Malaysia and Thailand where potential for more growth is coupled with higher political, currency and development risk. Our regional overweight is driven by the expansion of the property sector capital markets and attractive yields in many markets. We are overweight Japan and China, have an in-line weight in Singapore, and an underweight in Hong Kong, as a result of valuation. In total, Asia (excluding Australia and New Zealand) represents roughly 24% of the EPRA/NAREIT index.

### **Japan:** Next 12 Months Expected Total Return: 10%-20%

The TSE Real Estate Index produced a total return of 17.8% in Q1 (January to end-March), outperforming TOPIX (2.5%). The performance of the real estate large cap names in our coverage was as follows: Mitsui Fudosan gained 19.3% in the quarter, Mitsubishi Estate 25.9%, Sumitomo Realty & Development 17.2%, and NTT Urban Development 20.2%. The performance of the large caps was stronger than that of TOPIX, and their outperformance since 2006 is continuing.

The TSE REIT Index (including dividends) generated a total return of 25.5% in Q1 (January to end-March), outpacing TOPIX (2.5%). One J-REIT held an IPO in the quarter, taking the number of J-REIT stocks to 41 at the end of the quarter, with a market cap of approximately ¥6.3trn (around \$54bn).

As far as the outlook over the coming 12 months is concerned, we forecast returns of around 20% for the real estate sector and 10% for the J-REIT sector. We think firm fundamentals, receding fears of interest rate rises, and a continuing flow of funds into the sectors should help to underpin them.

**Top Pick:** Mitsui Fudosan (8801.T - ¥3340.0; 1M)

**Country Weight in Model Portfolio:** Overweight

### **China:** Next 12 Months Expected Total Return: 12%

Our analysis shows that the China property sector has substantial long-term growth potential as the economy continues to expand. In 2006, property sales in China represented only about 12% of GDP, way below an historical average of 26% for Hong Kong (and 23% currently).

**Top Pick:** Guangzhou R&F (2777.HK - HK\$19.46; 1L)

**Country Weight in Model Portfolio:** Overweight

### **Hong Kong:** Next 12 Months Expected Total Return: -2%

We prefer developers with rational landbanking in Hong Kong and clear expansion strategies in China, which offers promising NAV upside. Developers willing to soften pricing for better sales volume should benefit from a narrowing NAV discount. On this thesis, our top Buys are Hang Lung Properties (0101.HK - HK\$23.65; 1L), Henderson Land (0012.HK - HK\$48.1; 1L), and Hang Lung Group (0010.HK - HK\$29.9; 1L). Maintain Sell/Low Risk on Sino Land (0083.HK - HK\$17.48; 3L).

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Andre Chang  
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**Top Pick:** Henderson Land (0012.HK - HK\$48.1; 1L)

**Country Weight in Model Portfolio:** Underweight

***Taiwan:*** Next 12 Months Expected Total Return: 10% to 20%

**Summary:** The Taiwan property index retreated 7.3% in 1Q07 after the hot 4Q06, as few projects were launched in the weak season and the banks started to turn more cautious about mortgage lending. However, we still believe the index will see 10%–20% more upside over the next twelve months, mainly due to the expectation of an improving relationship with China, and the land shortage in the Taipei area. We think property developers will take slower sales turnover but support the housing prices.

**Top Pick:** Cathay Real Estate Development (2501.TW - NT\$19.6; 1M)

**Country Weight in Model Portfolio:** Overweight

***Malaysia:*** Next 12 Months Expected Total Return: 11% to 30%

**Summary:** The Malaysia property sector outperformed the broader market by 30% in 1Q07 (on a quarter-over-quarter basis), a continuation of its strong performance since 4QCY06 when it outperformed the KLCI by 6.4% quarter-over-quarter. Powering the good performance was expectations that the government may announce goodies for the property sector, which eventually materialized on March 22, 2007, when the government abolished the real property gains tax which came into effect on April 1, 2007.

Our sector picks - SP Setia (SETI.KL - RM8.3; 1L) and Mah Sing (MAHS.KL - RM5.2; 1L), enjoyed a stellar share price performance during 1Q (outperforming the KLCI by 37% and 35%, respectively) due to good results during the period, higher dividends declared, and improving outlook for the sector. Mah Sing's shares continued to trade up, helped by positive newsflow from a new joint venture to develop commercial properties that is expected to be earnings accretive.

**Top Pick:** Mah Sing (MAHS.KL - RM5.2; 1L)

**Country Weight in Model Portfolio:** Overweight

***Singapore:*** Next 12 Months Expected Total Return: -12% to 23% (Developers -12% to 23%; REITs -12% to 20%)

**Summary:** The SGX Property Index rose 25.9% in 1Q07, outperforming the Straits Times Index (STI) for the Singapore market as a whole by 16.3%, as the STI was up 8.2% in 1Q07.

Property stocks under coverage (including REITs) rose an average 20.9% quarter-over-quarter, with developers trading above our 2007 RNAV estimates. Wing Tai (WTHS.SI - S\$3.4; 1L) and Keppel Land (KLAN.SI - S\$8.8; 1L) were the best-performing stocks during the quarter, with share price returns of 39.5% and 37.7% respectively.

Over the next 12 months, developers could trend higher on more positive data points from both the residential and office sectors, with generally positive expected returns, from -12% to 23%, as risks on the upside for the physical property market which could drive up share prices further. With the recent surge in the REIT prices, coupled with the strong residential property market

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with significant upside risk, we favour the developers over the REITs in the coming 6-12 months. We see a more moderate return of between -12% and 20%.

**Top Pick:** Wing Tai (WTHS.SI - S\$3.4; 1L)

**Country Weight in Model Portfolio:** Overweight

***Thailand:*** Next 12 Months Expected Total Return: -4.5% to 6.6%

**Summary:** The Thai property index was down 4.4% in the first quarter of 2007, underperforming the Stock Exchange of Thailand (SET) index by 3.6%. This is due to the weak sentiment in the property market from the New Year bombing incident and political instability. First quarter is also usually the quiet quarter for property sales in Thailand. We foresee a possible pick up from 2Q07 onwards. While political instability is still hurting consumer confidence, interest rates are clearly leveling down. We could see a strong rally if the political disarray is resolved.

**Top Pick:** Preuksa Real Estate (PS.BK - Bt5.6; 1M)

**Country Weight in Model Portfolio** Overweight

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## Australia and New Zealand

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### ***Australia:*** Total Return for CY2007: 10% to 15%

**Summary:** REITs were down 2.5% (on a total return basis) in the first quarter of 2007 due primarily to significant capital raising activity in terms of both volume and time period in the February month (\$2.6bn). For CY2007 we had previously forecast a total return of between 10%–20%. Clearly, the severity of the recent pullback across the REIT sector was largely unexpected, leaving aside the capital raisings issue. Given the level of “catch-up” required for the remaining months of CY2007 and both the macro outlook and property fundamentals not already priced in, we have revised our total return target range to now be between 10%–15%.

A key issue confronting the sector during the March quarter has been the review of the quality, growth and sustainability prospects of the various FUM platforms. More specifically, relatively sophisticated FUM platforms such as Centro, require a fine balance between inventory stocking, inventory holding periods and its ultimate sell-down period in order to continue to win market support for the model.

Other FUM issues have been leveled at the more “garden variety” FUM platforms whereby assets or development inventory is sold down into a closed end fund of funds with a periodical review mechanism. While development inventory sell-downs have generated significant one-off profits, investment assets into mostly wholesale funds has not, by and large, delivered the quantum of profits nor, some would argue, do the real estate fees reflect the scarcity value of some portfolios.

**Top Pick:** Westfield Group (WDC.AX - A\$20.93; 1M)

### ***New Zealand:*** Next 12 Months Expected Total Return: 0% to +10%

**Summary:** The NZ listed property sector delivered total returns of +8.1% for the first quarter of 2007 as the market continued to reassess value under the PIE regime that will come into force from 1 October 2006. While this suggests upside risk to our FY forecast ETR and fundamentals remain positive, we see some pressure building in the form of the increasing tension between valuation and yield and increasing costs of debt, which will pressure LPT earnings while providing higher returns for fixed interest alternatives to listed property (for retail investors).

**Top Pick:** Macquarie Goodman Property Trust (MGP.NZ - NZ\$1.56; 2L)

**Country Weight in Model Portfolio:** Underweight

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## Europe

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### ***Continental Europe:*** Next 12 Months Expected Total Return: 10% to 15%

**Summary:** Continental Europe property companies total return was 8.8% in the first quarter of 2007, reflecting overall solid results announcements, notably from French companies, and take-over speculation on the Dutch stocks. French REITs soared +11.6% YTD led by Unibail's (UNBP.PA - €210.49; 1L) impressive FY06 results in early February 07 (NAV +48%), setting the tone for the whole French sector characterized by solid fundamentals and upward development pipeline revisions.

In our view, the combination of continued flow of capital into the sector and M&A speculation largely helped share prices to regain their ground lost during the sell-off. Therefore, the Europe ex-UK EPRA index is “only” c5% lower of its all-time high on 21 February 2006. Over the next 12 months, we forecast a positive 10% to 15% total return, or 6% to 11% on a price-only basis.

**Top Pick:** IVG Immobilien (IVGG.DE - €35.82; 1L)

**Country Weight in Model Portfolio:** Overweight

### ***United Kingdom:*** Next 12 Months Expected Total Return: 10% to 12%

#### **Summary: Coming to terms with REITs**

The UK real estate sector fell 3.6% during 1Q07, underperforming the wider UK market by 5.4%. This was probably to be expected after the bull run of 4Q06 when it outperformed by 11.9%. The surprise rise in interest rates in January sent the sector relative down heavily and it has struggled to recover. Results announcements didn't help, with British Land (BLND.L - £15.2; Not Rated) giving a cautious outlook and Land Securities (LAND.L - £20.85; Not Rated) disappointing the market with its valuation of Trillium's properties.

The quarter has been dominated in the UK by stories in the press about a foreign takeover of Hammerson (HMSO.L - £16.07; 2M), usually involving Unibail (UNBP.PA - €210.49; 1L) and GE Real Estate but, most recently (in *Australian Financial Review*) by Westfield. As a result, Hammerson (HMSO.L - £16.07; 2M) has been the strongest large-cap performer in the sector, up 10% YTD. Smaller companies have also proven more resilient, with Great Portland Estates (GPOR.L - £7.6; Not Rated) up 12% and Derwent London (DLN.L - £22.04; Not Rated) up 4%. In a time of greater uncertainty for the sector, it appears that investors are looking for value in the mid-cap names.

Equivalent yields have shown further falls during 1Q07, but the rate of decline has slowed, with a 3bp decline from end-December to end-February in the IPD all-property yield.

**Country Weight in Model Portfolio:** Overweight

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## Latin America

### ***Argentina:*** Next 12 Months Expected Total Return: 9%

**Summary:** The Argentine real estate market continues to exhibit attractive growth. Although shopping malls still serve as the anchor of the sector, we have also seen signs that the office rental market is showing some promise. On the formal real estate front, we continue to see enormous potential. However, a lack of middle (and upper middle) income mortgages might constrain this segment's rebound over the short-term.

**Top Pick:** Inversiones y Representaciones SA (IRS.N - US\$19.69; 1M)

## Top Picks For 2007

Our global top picks represent companies in each region that we believe provide the best opportunities for investors. The list is dominated by developers in Asia, while in the Americas, Australia, New Zealand, and Europe we favor investors. In the first quarter, our top picks returned 12.9% following a 56.2% total return in 2006. Our updated top picks appear below.

Figure 22. Top Picks By Region

Company	Country	Property Type	Business Type	Rtg	Price		Total Return			Div 2007 Earnings			NAV/	Prem/	Market Cap USD
					17-Apr (Loc Cur)	2006	1Q07	YTD	Yld	Growth	Mult	Share to NAV 2006	(Disc) to NAV Spot		
<b>Americas</b>															
Host Hotels & Resorts	USA	Hotel/Leis	Investor	1M	27.04	USD	32.1	8.0	11.0	3.7	18.1	14.7	28.70	(5.8)	14,915
Simon Property	USA	Retail	Investor	1H	114.54	USD	36.2	10.7	13.9	3.0	8.0	19.7	117.43	(2.5)	33,845
Inversiones y Represent.	Argentina	Diversfd	Investor	1M	19.89	USD	40.0	13.1	17.6	-	34.3	26.9	N/A	N/A	866
<b>Asia</b>															
Mitsui Fudosan Co Ltd	Japan	Diversfd	Dvloper	1M	3,340	JPY	21.7	19.3	15.1	0.3	20.9	34.9	3,428	(2.6)	24,700
Henderson Land	HngKng	Diversfd	Dvloper	1L	48.10	HKD	23.8	4.9	10.6	2.3	(7.8)	16.3	69.19	(30.5)	11,961
Guangzhou R&F Props	China	Diversfd	Dvloper	1L	19.46	HKD	214.0	3.6	15.8	2.1	50.8	18.6	19.38	0.4	8,027
Wing Tai Holdings	Singapore	Diversfd	Dvloper	1L	3.40	SGD	59.2	39.5	49.1	1.5	11.5	17.1	3.15	7.9	1,616
Cathay RE Dvlpmnt	Taiwan	Residntl	Dvloper	1M	19.60	TWD	61.4	(16.9)	(16.2)	2.1	14.5	24.6	N/A	N/A	979
Preuksa Real Estate	Thailand	Diversfd	Dvloper	1M	5.60	THB	20.4	0.0	(0.9)	5.0	15.3	8.0	5.62	(0.4)	372
Mah Sing Group	Malaysia	Residntl	Dvloper	1L	5.20	MYR	128.6	48.2	54.8	3.3	11.5	13.3	N/A	N/A	271
<b>Australia/New Zealand</b>															
Westfield Group	Australia	Retail	Investor	1M	20.93	AUD	21.7	0.5	2.2	5.1	8.7	19.7	21.26	(1.6)	31,086
Macquarie Goodman Prop	NZealand	Diversfd	Investor	2L	1.56	NZD	62.4	12.9	10.1	5.7	(3.3)	15.2	1.13	38.1	731
<b>United Kingdom/Europe</b>															
IVG Immobilien	Germany	Diversfd	Investor	1L	35.82	EUR	85.9	10.2	10.1	1.7	3.3	28.8	29.21	22.6	5,639
<b>Total / Weighted Average</b>							<b>42.1</b>	<b>12.9</b>	<b>14.7</b>	<b>2.9</b>	<b>12.8</b>	<b>21.9</b>		<b>(3.5)</b>	<b>135,009</b>
<b>EPRA/NAREIT Total / Weighted Average</b>							<b>37.0</b>	<b>5.7</b>	<b>4.0</b>	<b>2.9</b>	<b>10.0</b>	<b>23.6</b>		<b>9.2</b>	<b>1,115,071</b>

Source: Citigroup Investment Research

## North America

### United States

#### *Top Pick: Simon Property Group (SPG.N - US\$114.54; 1H)*

**Summary:** We believe Simon represents one of the best opportunities in the mall REIT sector with solid embedded internal and external growth through releasing, redevelopments and other income. Simon should post an 18% ETR driven by 20% increase in rents and a \$5.3bn re/development pipeline.

Simon essentially holds a monopolistic position in the mall sector and trades at a 5.2% cap rate, higher than the blue-chip office and apartment stocks trading at 4.0%–4.5%. The valuation gap appears unwarranted and should shrink given Simon's attractive revenue growth prospects with limited volatility.

Mall fundamentals appear intact as retailers continue to demand new space. With assets operating at peak occupancies, internal growth is limited but should continue to be stable and be, on average, in the 3%–4% range. Bankruptcies are expected to be light in 2007 and much lower than 2006. Current same-store NOI guidance should be a fairly easy hurdle as it is below 2006 same-store NOI, which faced headwinds from Casual Corner and Musicland. We are monitoring the effects of the subprime fallout and believe there should be minimal effect on

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the consumer and retailers. In the worst case recessionary scenario, Simon is likely to fare better than peers as it has the best-in-class assets.

## Lodging

### **Top Pick: Host Hotels and Resorts (HST.N - US\$26.82; 1M)**

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**Summary:** Host Hotels and Resorts (HST.N - US\$26.82; 1M) is our top pick in the lodging REIT universe. With one of the highest-quality portfolios and several clear catalysts, we believe HST shares are poised for outperformance over the next twelve months. Specifically, operating trends remain strong for HST and could accelerate later this year, as comparisons ease, and international expansion opportunities could provide a higher long-term growth rate for the company relative to its peers, as well as better diversification.

- **Strong Industry Trends** — For Host, we forecast REVPAR growth of 7.8% in 2007, which is supported by corporate price increases of 8%–10% and solid advance group bookings. Based on conversations with operators, we believe demand trends remain healthy. We view our estimates as reasonably conservative, with upside possible later this year. First quarter REVPAR growth has been slower due to difficult hurricane comparisons. This is already factored into Street estimates. We expect comparisons to ease substantially in 2Q'07 and 2H'07, however, which should drive fundamental acceleration. For Host's upper-upscale and urban hotels, competitive supply growth should remain low for at least 2–3 years, contributing to its outperformance.
- **International Expansion** — Among lodging REITs, we view Host as best positioned for global growth, reflecting management depth, scale, balance sheet capacity, and initial success in Europe. Last year, Host launched a \$2 billion European joint venture hotel fund. Host retains a 1/3 equity stake and earns high margin asset management fees. Although currently a small part of Host's overall business, we view joint ventures as a logical way for Host to grow in International markets. Capital partners and asset management fees can offset lower yields in Europe and mitigate risk in Asia. We believe that a strong International growth platform could further distinguish Host from its lodging REIT peers, which are primarily domestic.

At 13.9x 2007E EBITDA, HST shares trade at a 0.9 multiple-point premium to the group of comparables, which is in line with its historical relative premium, reflecting asset quality, management depth, geographic diversity, and share liquidity. Relative to other real estate asset classes, however, Host is trading at a substantial discount, despite having a higher near-term growth profile. On average, all REITs are trading at 18.2x '07E FFO (with a growth rate of 9.2%), while HST is trading at 14.7x '07E FFO (with a growth rate of 18%). Historically, HST has traded at a 1.0 FFO multiple-point discount to the REIT universe, primarily reflecting the volatile nature of hotel real estate. We believe this disconnect should be temporary in nature and provides an attractive entry point to HST shares.

## Asia

### Japan

#### ***Top Pick: Mitsui Fudosan (8801.T - ¥3340.0; 1M)***

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**Summary:** Our top pick is Mitsui Fudosan (8801.T - ¥3340.0; 1M), one of Japan's leading integrated real estate firms. Not only does Mitsui Fudosan develop properties through its own investments, it also partners with investors in joint ventures to increase its earnings opportunities, a key characteristic of its business model. The benefits of diversification are apparent in its growing earnings. Mitsui has office, retail, housing, and Repark parking operations investments. In the real estate segment, both sales of condominiums to the general public and built-for-sale sales to investors are growing. Growth is also evident in the brokerage and consulting segment. We expect the earnings uptrend to continue and anticipate a rising share price as investors factor in this growth, hence our Buy recommendation. Our near-term focus is on the rate at which business opportunities expand and the degree of earnings progress Mitsui Fudosan makes toward its FY3/09 goals. As of end-March, Mitsui Fudosan traded at a NAV multiple of 0.95, and EV/EBITDA multiple of 18.8x, a PCFR of 23.2x, and a PER of 34.6x (FY3/08E Nikko Citigroup Limited forecast basis).

### Taiwan

#### ***Top Pick: Cathay Real Estate Development (2501.TW - NT\$19.6; 1M)***

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**Summary:** Cathay Real Estate Development (2501.TW - NT\$19.6; 1M) remained our top pick. We believe Taiwan's property market will keep moving up due to expectations of improved cross-Strait relations that should benefit most local property developers. Cathay is one of the players best placed to benefit, in our view, given its leading brand equity, growth potential, rich cash position, diversified business lines, and large market cap relative to the industry. To set up our target price, we apply a P/B of 2.4x, the average during the last cycle peak in 1997, which we believe is warranted given our positive view on the Taiwan property market and our expectation that Cathay's ROE in 2008 will recover to the 1997 level. Given a current 2006E P/B of 1.7x, we see major upside potential for the stock in the coming 12 months.

### Malaysia

#### ***Top Pick: Mah Sing (MAHS.KL - RM5.2; 1L)***

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**Summary:** Mah Sing is a property development company focusing on residential construction in Malaysia. Apart from its core businesses of property development, Mah Sing is also involved in plastic manufacturing and trading in Malaysia and Indonesia. Mah Sing outperformed the KLCI by 35% q-q in 1Q, helped by positive macro newsflow for the property sector as well as the group's release of a good set of 4QFY06 results and the announcement of a new joint venture to develop high-margin commercial products at Mont Kiara, Kuala Lumpur.

Going forward, we expect the group to register EPS growth of 11% and 17% in FY07–08E respectively, backed by unbilled sales of RM423m. We think there could be upside as management continues to be on the lookout for new landbank to drive growth. Other than residential projects, Mah Sing is also looking for commercial development projects, which we believe is a right strategy given the strong demand for quality commercial developments

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## Singapore

### **Top Pick: Wing Tai (WTHS.SI - S\$3.4; 1L)**

**Summary:** Wing Tai Holdings is one of Singapore's leading property developers and widely recognized for the quality of its property developments. Listed in Singapore in 1989, Wing Tai started in the 1950s as a Hong Kong garment manufacturer. It later expanded into Singapore and Malaysia in the early 1960s and entered the property market in Singapore in 1978. Nine years later, Wing Tai became a major property player with a niche reputation for delivering premium developments with innovative design and quality workmanship.

Wing Tai is one of the purest plays on the Singapore residential property market and one of the most sensitive to changes in residential property prices. For every 10% rise in property prices, the group's RNAV would rise by 9%, on our estimates. The group's net debt/equity ratio reached a 10-year low of 0.6x as at end Dec 06 and should further improve to below 0.5x by end FY07E.

With seven new launches scheduled for 2007, we expect Wing Tai to continue to benefit from rising residential property prices in Singapore. Demand for high end properties remains strong from both locals and foreigners. We also expect the mid-tier segment to continue improving with increased demand from locals and a strong rental market.

Our top pick in the sector at the start of the quarter was Keppel Land (KLAN.SI - S\$8.8; 1L), but it has risen 27.5% since the start of 2007, and offers a 19.9% ETR at current levels. We are also of the view that the residential market is likely to surprise us on the upside in 2007 and our preference is Wing Tai, which offers better exposure to the rapid rise in residential property prices.

## Thailand

### **Top Pick: Preuksa Real Estate (PS.BK - Bt5.6; 1M)**

**Summary:** Our top pick among Thai property stocks remains Preuksa Real Estate (PS). PS is the leading developer in the low-end townhouse segment around Bangkok with market share of almost 50%, the company also builds single family detached homes. Our Buy recommendation is based on the view that downward trend in interest rate would benefit the most to the low-end market segment, which relies on mortgage loan the most. Mortgage loan rejection, which is the biggest issue for low-end developers would also ease up.

The stock has been under pressure from the slowdown in economy and political turmoil, which are suppose to impact low-end segment the most. However, it still outperformed the property index by 1% in 1Q07. PS is at 8x P/E, which is almost at the lowest point of its trading range since its IPO in December 2005. It is also at a discount to the property sector despite its leadership position. We believe this provide a very attractive entry point as we expect the political situation to improve in 2H07. Another 50–100 bps cut in interest rate could also help resurrect business and consumer confidences.

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## Australia and New Zealand

### Australia

#### ***Top Pick: Westfield Group (WDC.AX - A\$20.93; 1M)***

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**Summary:** Our Top Pick for calendar 2007 in the Australian REIT sector continues to be Westfield Group (1M, Target Price A\$23.00). Westfield is the largest global regional mall owner and developer. Of Westfield's portfolio of malls valued at approximately US\$48.5 billion of malls, 39% are in the US, 46% are in Australia/New Zealand, and 15% are in the United Kingdom.

In-the-money debt and currency hedging entered into at the time of the 2004 merger is unwinding in the near term, which will facilitate strong distribution growth from fiscal 2007. At the current share price, the value of the substantial development is US\$3.6 billion at which yield spreads of 3% above the cost of capital are consistently being realized.

### New Zealand

#### ***Top Pick: Macquarie Goodman Property Trust (MGP.NZ - NZ\$1.56; 2L)***

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**Summary:** MGP delivered total returns for the 1Q07 of +12.9%, the highest of the 5 LPTs we cover and +4.8% ahead of the sector index. Nevertheless the stock remains our top pick on the basis of its relatively high yield, above average development pipeline and lower management fees. In contrast to our view of last quarter, changes to index inclusion rules mean that we no longer anticipate inclusion in the EPRA/Nareit index.

MGP's NZ\$1.2b portfolio consists of Industrial and Office Park properties. The Trust is externally managed by Macquarie Goodman (NZ) Ltd (MGP.NZ - NZ\$1.56; 2L) which is remunerated through both a base fee and performance fee.



## Europe

### Continental Europe

#### ***Top Pick: IVG Immobilien (IVGG.DE - €35.30; 1L)***

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IVG, Germany's largest listed commercial property company, is strengthening its core focus on office properties in Germany. German offices offer cap rates above other European markets and should also benefit from a cyclical recovery in rents and expected yield compression. As German commercial property is still owned largely by corporates and public authorities rather than institutions, there is a strong case to generate Alpha in Germany by actively managing commercial real estate.

CEO Wolfhard Lechnitz, who started in July 06, has already outlined an ambitious program of change to narrow the strategic focus, invest in growth opportunities and increase transparency. Because IVG has significant non-rental income businesses (oil and gas storage caverns, fund management, project development), our target price is based on a SOTP division by division of €39 per share. This translates into 1.15x NAV 07E + €5 for the net present value of the Project Development division. The rest of the continental European sector is valued at 1.23x NAV 07E on average. The introduction of German REIT legislation (cf. section below) should provide IVG with a flow of buying opportunities (assets expected to come from corporates and open-ended funds in the next three years).

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## Latin America

### *Top Pick:* Inversiones y Representaciones SA (IRS.N - US\$19.69; 1M)

**Summary:** We have long cited IRSA's launch of its (70 hectare) Santa Maria Del Plata development as a potential positive catalyst for the stock. In our note, dated 3/26/07 ("Santa Maria Del Plata Launch!"), we cited local news sources, which indicated that the company was on the verge of doing just that. IRSA apparently plans to develop "the city within the city" – and this project should include multiple apartment blocs, shopping malls, recreational areas, a marina, etc.

At the present time, IRSA has not offered a launch date, and we do not have any further details on this project. However, the "flurry of activity" we have observed lead us to believe that IRSA's official launch of this project should come soon.

On other fronts, we also believe that management has been more active in the office rental market. In Argentina, office rental rates fell to levels of US\$6 to US\$7/square meter/month at the height of the country's political and economic crisis in early 2002. Since that time, rates have gradually improved. Current lease rates for high-end office rental properties in metropolitan Buenos Aires is currently close to US\$30/square meter/month. For this reason, we should see IRSA's weighted-average office rental revenue /unit increase, as leases of existing tenants are gradually renewed at market levels.

Finally, IRSA is undertaking expansion-type projects on several fronts, aside from the aforementioned Santa Maria Del Plata project: the company is also developing/acquiring shopping malls and office properties, in addition to renovating/expanding Llao Llao, a key hotel property in Argentina's Patagonia district. We believe that these expansion projects continue to place upside on our operating growth estimates over the medium term.

## Regional Focus- North America

### United States

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#### Valuation Trumps Wall of Capital

The slowing U.S. economy, subprime woes, stabilizing cap rates, and the downdraft in the second half of 1Q07 all seem to point at the potential for weaker returns by REITs in 2007. REITs took a beating in the second half of 1Q07, down 12.3% from peak to trough, ceding much of the 13% total return that had been achieved during the rally early in the quarter. Broad market weakness, weaker-than-expected fourth quarter earnings, disappointing 2007 guidance and high valuations all contributed to the downdraft in 1Q07.

The unprecedented valuations at which REITs are trading could plausibly weigh more heavily on the group in the balance of the year, as the slicing and dicing of the \$40 billion of Equity Office assets and other portfolio transactions have sopped up part of the wall of capital chasing real estate. In addition, a tighter lending environment could begin to ease the significant cap rate compression we have seen in the real estate, making REITs more susceptible to a downdraft.

However, any prolonged REIT sell-off could reignite takeover activity, with capital still waiting on the sidelines to invest. *We reiterate our +/- 10% total return expectations for the next 12 months.*

The downdraft in real estate stocks over the last several weeks, which was felt around the globe, appears to have favored value-oriented names. The pattern observed during the first quarter was consistent with what we have seen historically. The tide has not turned entirely against the best-in-class REITs, in our view, and we are maintaining heavy overweight positions in blue chip REITs. The value names would likely outperform, however, if a sustained downdraft were to follow 1Q07's sell-off, as we believe the large-cap names are generally over-owned and trade at significant valuation premiums.

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#### Office/Industrial: Remain Invested in Blue Chips with Strong Growth Profiles

The Office and Industrial REIT sectors had a bifurcated quarter similar to REITs overall, with the large-cap blue chips outperforming up to the peak in early February during the Equity Office bidding war, and then selling off more than the value names in the back half of the quarter. Our overweight position within the office space continues to be focused on owning the Blue Chip REITs, which have concentrations in high barrier markets, such as New York and West Los Angeles, and have visible growth platforms through development, redevelopment and a strong embedded rent growth outlook. These stocks should continue to see the best operating fundamentals, earnings growth, and net asset value creation.

Fundamentals in the office and industrial space will likely be more subdued early in the year, as companies trade occupancy for rent. In addition, sector issues, such as subprime mortgage market – which is centered in Orange County, could have spillover effects as a whole, and put a dent into the recovery. Overall, we see earnings growth accelerating over the next several years – especially on a cash basis – as rents spreads increase based on higher market rents, and roll-off of rents signed during the downturn and companies harvest their development pipelines.

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### **Apartments Should Bounce Back After Tough Start to Year**

The apartment REITs should deliver total returns toward the top end of our negative 10% to positive 10% total return expectation for the REIT universe over the next 12 months, as relative valuations have become more attractive and fundamentals remain healthy. REITs focused in high barrier to entry markets are likely the best opportunities, but a balanced portfolio with exposure to the more national players could pay off if M&A activity emerges, as M&A activity is more likely outside of the high barrier REITs. Apartment REITs could continue to underperform, as 1Q07 results will likely be lackluster, but shares should fare better in the latter half of 2007. The group could underperform through first quarter earnings season in the absence of M&A activity, given likely lackluster results for the REITs focused in low barrier markets. The outlook for the group over the next 12 months is better, as NOI growth of 6%–7% is still at the top of the universe, albeit slightly below 2006 levels.

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### **Retail REITs Should Continue to Outperform; Maintaining Our Overweight**

Malls REITs should continue to outperform the REIT universe, and as such we are maintaining our overweight position. Simon (SPG.N - US\$114.54; 1H) and General Growth (GGP.N - US\$63.42; 1H) are our top picks in the retail space, given the companies' ability to leverage their platforms. In addition, the group's dominant positioning should continue to drive stable growth. We are maintaining our underweight position in the shopping center sector. Currently, shares appear appropriately valued given modest growth in the core rental businesses.

In an environment where the Fed has moved away from a tightening bias, retail might prove to be a relative safe haven as other sectors' valuations are likely predicated on a fundamental spike in the horizon that might not come. Although retail might feel a hit if consumer spending pulls back for an extended period, retail will likely prove to be more attractively valued as investors expect stable, not accelerating growth. In the last recessionary period, retail was the only major property type to post positive rent growth.

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## **Lodging**

### **Outlook for 2007**

Our 2007 outlook for the lodging stocks is positive. The fundamental environment remains strong, driven by low supply growth and solid demand levels, which is tied to overall economic growth and corporate profitability. We forecast same-store revenue growth of 8% in 2007, with most of that gain coming from price. We forecast U.S. lodging supply growth of around 2% in 2007, which is below the long-term average of 2.5% and further below a level that we would consider risky (3.5%). Supply growth in the urban, full-service segment of the industry is even lower, which should benefit the large public companies. Low supply growth is a function of: 1) Construction cost inflation (land, building materials, labor, technology, higher brand standards): We estimate that building an urban, upscale hotel would cost 30%–35% more today than it did two years ago; 2) Relative returns on residential and office development: In a number of urban markets (New York City being the best example) with limited developable land, the relative economics of residential or office versus hotel development still do not favor hotels; 3) Still-depressed hotel profitability: Hotel margins remain below peak levels, which, together with construction cost inflation, has made returns for upscale hotel development relatively unattractive versus acquisitions; and 4) Most hotel transactions are priced below replacement cost, despite strong hotel value appreciation in each of the last three years.

Valuations for hotel REITs are toward the high end of the historical range, but they are not unreasonable, in our view, given a favorable supply environment. Valuations are also supported by private market activity, as a number of lodging companies have been privatized at premiums to current public valuations.

### **Review of 1Q'2007**

Lodging REITs were up 7.3% in the first quarter of 2007 as a result of robust industry fundamentals and strong real estate fund flows. We continue to favor the lodging c-corps over the REITs. The c-corps trade at more attractive valuations and, as the lodging cycle matures, can offset gradual REVPAR deceleration with unit growth, timeshare profits, and share repurchases. Conversely, we view lodging REITs as mainly cyclical growth stories. Lodging c-corps trade close to their historical range of valuations while the lodging REITs trade toward the high end of their historical ranges. Based on our NAV estimates, the lodging REITs traded at an average discount of 11.0% at the end of the first quarter, roughly unchanged from the beginning of the quarter.

Figure 23. Global Property Hunter – Americas, Covered

Citigroup Investment Research Global Property Hunter Company	Reuters Ticker	Rating	Country	Price		Total Return, YTD		Target Price	Div 2007	Div Yield	Earnings Estimates				EV/ EBITDA, 2007		
				04/17/07		Local Cur.	USD				2007	2008	Growth			Multiple	
				Local Cur.	USD								2007	2008		2007	2008
<b>NORTH AMERICA</b>																	
<b>Covered Companies</b>																	
<b>FFO</b>																	
<b>EV/EBITDA</b>																	
Acadia Realty Trust	AKR	2H	USA	27.59	USD	11.1	11.1	28.00	0.79	2.9	1.35	1.40	14.0	3.7	20.4	19.7	17.2
Affordable Residential	ARC	3S	USA	11.75	USD	0.9	0.9	11.00	0.00	0.0	0.62	0.72	25.1	16.7	18.9	16.2	14.3
Alexandria	ARE	1H	USA	102.35	USD	2.7	2.7	135.00	2.96	2.9	5.73	6.26	11.1	9.2	17.9	16.3	19.4
AMB Property Corp	AMB	2H	USA	61.88	USD	6.4	6.4	65.00	1.84	3.0	3.23	3.45	3.4	7.0	19.2	17.9	17.9
American Campus	ACC	2H	USA	30.70	USD	9.0	9.0	31.00	1.35	4.4	0.94	1.46	(31.5)	56.5	32.8	21.0	16.3
Apartment Inv. & Mgmt	AIV	2H	USA	58.11	USD	3.7	3.7	68.00	2.40	4.1	3.31	3.71	8.7	12.1	17.6	15.7	14.9
Archstone-Smith	ASN	2H	USA	54.09	USD	(6.3)	(6.3)	66.00	1.81	3.3	2.29	2.57	1.2	12.5	23.6	21.0	22.6
AvalonBay	AVB	2H	USA	130.89	USD	1.3	1.3	159.00	3.31	2.5	4.92	5.31	12.4	7.9	26.6	24.6	24.9
Boston Properties	BXP	2H	USA	117.36	USD	5.5	5.5	138.00	2.80	2.4	4.75	4.83	6.3	1.8	24.7	24.3	21.6
Brandywine Realty	BDN	2H	USA	33.54	USD	3.5	3.5	36.00	1.76	5.2	2.55	2.67	2.3	4.6	13.1	12.6	15.6
BRE Properties Inc	BRE	2H	USA	62.89	USD	(2.4)	(2.4)	77.00	2.15	3.4	2.67	2.92	0.0	9.5	23.6	21.5	21.5
Brookfield Properties	BPO	2H	USA	40.07	USD	2.4	2.4	50.00	0.81	2.0	2.10	2.30	11.9	9.7	19.1	17.4	14.7
Camden Property Trust	CPT	2H	USA	71.80	USD	(1.8)	(1.8)	82.00	2.72	3.8	3.80	4.21	(2.1)	10.7	18.9	17.1	17.5
CBL & Associates	CBL	2H	USA	47.77	USD	11.4	11.4	49.00	2.12	4.4	3.46	3.64	3.6	5.2	13.8	13.1	14.1
Cedar Shopping Centers	CDR	2S	USA	16.54	USD	5.4	5.4	16.00	0.90	5.4	1.23	1.30	2.3	5.3	13.4	12.7	13.1
Cogdell Spencer	CSA	3H	USA	21.08	USD	(0.3)	(0.3)	20.00	1.40	6.6	1.17	1.24	(3.3)	5.9	18.0	17.0	14.9
Colonial Properties	CLP	3H	USA	48.50	USD	4.9	4.9	42.00	2.55	5.3	3.34	3.15	(12.1)	(6.7)	14.5	15.4	13.1
Corporate Office	OFC	2H	USA	47.92	USD	(4.4)	(4.4)	56.00	1.27	2.7	2.22	2.42	15.9	9.1	21.6	19.8	17.9
Crescent Real Estate	CEI	3H	USA	20.74	USD	6.9	6.9	17.00	1.50	7.2	1.46	1.40	28.2	(4.5)	14.2	14.9	14.4
Developers Diversified	DDR	3H	USA	65.44	USD	5.0	5.0	67.00	2.64	4.0	3.80	4.14	11.4	9.0	17.2	15.8	15.6
Diamondrock Hospitality	DRH	2H	USA	19.60	USD	10.2	10.2	20.00	0.96	4.9	1.60	1.83	16.2	14.5	12.2	10.7	13.0
Digital Realty Trust Inc	DLR	2H	USA	40.15	USD	18.1	18.1	39.00	1.17	2.9	1.95	2.22	19.2	13.7	20.6	18.1	18.2
Duke Realty Corp	DRE	2H	USA	44.10	USD	9.0	9.0	49.00	1.91	4.3	2.72	2.82	9.8	3.6	16.2	15.6	19.6
EastGroup	EGP	2H	USA	51.60	USD	(2.7)	(2.7)	56.00	1.96	3.8	2.97	3.10	5.5	4.5	17.4	16.7	17.2
Education Realty	EDR	3S	USA	14.96	USD	2.7	2.7	14.00	0.82	5.5	0.84	0.84	1.0	(0.1)	17.9	17.9	15.4
Entertainment Props	EPR	2S	USA	63.17	USD	9.4	9.4	68.00	3.03	4.8	4.10	4.43	8.1	8.0	15.4	14.3	15.8
Equity Inns	ENN	2M	USA	17.03	USD	8.3	8.3	17.00	1.00	5.9	1.50	1.70	16.7	13.2	11.3	10.0	11.7
Equity Lifestyle	ELS	2H	USA	56.40	USD	3.9	3.9	63.00	0.60	1.1	2.93	3.38	7.6	15.5	19.3	16.7	17.4
Equity Residential	EQR	2H	USA	48.88	USD	(2.8)	(2.8)	60.00	1.85	3.8	2.32	2.56	2.4	10.3	21.0	19.1	16.6
Essex Property Trust	ESS	2H	USA	129.15	USD	0.6	0.6	157.00	3.43	2.7	5.60	5.71	11.4	1.9	23.1	22.6	20.2
Felcor Lodging Trust	FCH	2H	USA	26.44	USD	22.2	22.2	24.00	1.00	3.8	2.32	2.62	16.6	13.0	11.4	10.1	12.6
First Industrial	FR	3H	USA	44.97	USD	(2.6)	(2.6)	40.00	2.80	6.2	3.76	4.13	19.1	10.0	12.0	10.9	20.7
General Growth	GGP	1H	USA	64.38	USD	25.0	25.0	75.00	1.89	2.9	3.23	3.54	5.6	9.4	19.9	18.2	17.6
Glimcher Realty Trust	GRT	3S	USA	27.36	USD	4.2	4.2	20.00	1.92	7.0	2.26	2.20	N/A	(2.6)	12.1	12.4	15.0
Health Care Property	HCP	2H	USA	36.86	USD	1.3	1.3	43.00	1.78	4.8	2.10	2.26	11.8	7.7	17.5	16.3	17.6
Highland Hospitality	HIH	2H	USA	19.04	USD	35.2	35.2	17.00	0.88	4.6	1.42	1.65	32.4	16.1	13.4	11.5	12.8
Highwoods Properties	HIW	3H	USA	42.44	USD	5.2	5.2	38.00	1.72	4.1	2.61	2.56	10.1	(1.9)	16.2	16.6	15.1
Home Properties Inc	HME	2H	USA	55.80	USD	(4.8)	(4.8)	66.00	2.63	4.7	3.19	3.52	3.9	10.4	17.5	15.8	16.4
Host Hotels & Resorts	HST	1M	USA	27.04	USD	11.0	11.0	29.00	1.00	3.7	1.84	2.11	18.1	14.3	14.7	12.8	13.6
HRPT Properties Trust	HRP	3H	USA	12.69	USD	2.8	2.8	10.00	0.84	6.6	1.18	1.20	(0.8)	1.8	10.8	10.6	11.9
Innkeepers USA Trust	KPA	2M	USA	17.89	USD	16.9	16.9	17.75	0.92	5.1	1.49	1.85	19.3	23.7	12.0	9.7	12.0
Kilroy Realty Corp	KRC	2H	USA	75.05	USD	(3.1)	(3.1)	92.00	2.17	2.9	3.15	3.44	(9.5)	9.1	23.8	21.8	21.9
Kimco Realty Corp	KIM	2H	USA	48.92	USD	9.6	9.6	53.00	1.49	3.0	2.55	2.67	15.5	4.8	19.2	18.3	15.1
Kite Realty Group Trust	KRG	2S	USA	21.03	USD	15.0	15.0	21.00	0.81	3.9	1.25	1.35	7.4	8.5	16.9	15.6	18.4
LaSalle Hotel Properties	LHO	2H	USA	49.16	USD	8.1	8.1	49.00	1.68	3.4	3.14	3.86	8.5	23.1	15.7	12.7	14.7
Liberty Property Trust	LYR	3H	USA	49.94	USD	2.9	2.9	48.00	2.49	5.0	3.20	3.41	2.6	6.5	15.6	14.6	16.1
Macerich Co	MAC	2H	USA	96.03	USD	11.7	11.7	106.00	2.90	3.0	4.68	5.21	7.4	11.5	20.5	18.4	16.6
Mack-Cali Realty Corp	CLI	3H	USA	48.80	USD	(1.8)	(1.8)	47.00	2.56	5.2	3.49	3.68	(6.4)	5.5	14.0	13.2	15.0
Maguire Properties Inc	MPG	3H	USA	37.27	USD	(5.8)	(5.8)	34.00	1.60	4.3	1.48	1.78	(24.8)	20.5	25.2	20.9	16.7
National Retail Props	NNN	2H	USA	24.73	USD	9.2	9.2	23.00	1.35	5.5	1.85	1.90	10.5	2.5	13.4	13.0	14.5
Nationwide Health Props	NHP	2H	USA	32.49	USD	8.9	8.9	35.00	1.62	5.0	2.00	2.12	3.2	6.1	16.3	15.3	15.8
New Plan Excel	NXL	2H	USA	33.14	USD	22.9	22.9	31.00	1.30	3.9	1.98	2.11	7.0	6.7	16.8	15.7	16.2
Orient Express Hotel	OEH	2H	USA	54.79	USD	15.8	15.8	63.00	0.10	0.2	1.42	1.76	32.3	23.5	38.5	31.2	23.2
Parkway Properties	PKY	3H	USA	54.00	USD	7.1	7.1	45.00	2.60	4.8	3.82	4.10	(6.8)	7.3	14.1	13.2	15.6
Post Properties Inc	PPS	3H	USA	47.13	USD	4.1	4.1	43.00	1.80	3.8	1.92	1.96	1.8	2.3	24.6	24.1	19.3
Prologis	PLD	2H	USA	65.83	USD	9.1	9.1	72.00	1.63	2.5	4.10	4.36	11.1	6.4	16.1	15.1	19.1
PS Business Parks	PSB	2H	USA	71.55	USD	1.6	1.6	77.00	1.19	1.7	4.18	4.50	13.8	7.7	17.1	15.9	15.5
Public Storage Inc	PSA	2H	USA	96.33	USD	(0.7)	(0.7)	115.00	2.08	2.2	4.62	5.16	29.2	11.7	20.9	18.7	18.5
Realty Income Corp	O	3H	USA	28.57	USD	4.5	4.5	26.00	1.57	5.5	1.87	1.92	6.5	2.7	15.3	14.9	15.1
Regency Centers	REG	2H	USA	84.39	USD	8.8	8.8	86.00	2.64	3.1	4.19	4.51	8.2	7.5	20.1	18.7	17.4
Simon Property	SPG	1H	USA	114.54	USD	13.9	13.9	129.00	3.43	3.0	5.82	6.30	8.0	8.2	19.7	18.2	17.0
SL Green	SLG	2H	USA	141.42	USD	7.0	7.0	160.00	2.80	2.0	5.60	5.84	21.3	4.4	25.3	24.2	17.4
Sovran Self Storage	SSS	3H	USA	55.57	USD	(0.8)	(0.8)	56.00	2.54	4.6	3.43	3.67	6.0	6.9	16.2	15.2	14.9
Spirit Finance Corp	SFC	2H	USA	14.25	USD	17.8	17.8	14.50	0.89	6.3	1.15	1.23	14.0	7.3	12.4	11.6	12.6
Strategic Hotels & Resorts	BEE	2S	USA	22.50	USD	4.4	4.4	21.00	0.92	4.1	1.54	1.82	9.6	18.3	14.6	12.4	14.7
Sun Communities Inc	SUI	3H	USA	30.87	USD	(0.7)	(0.7)	28.00	2.52	8.2	2.67	2.68	55.5	0.5	11.6	11.5	15.2
Sunstone Hotel Investors	SHO	1H	USA	28.91	USD	9.4	9.4	33.00	1.28	4.4	2.74	3.14	13.8	14.3	10.5	9.2	12.1
Tanger Factory Outlet	SKT	2H	USA	41.75	USD	7.7	7.7	43.00	1.41	3							

Figure 24. Global Property Hunter – Americas, Covered (continued)

Citigroup Investment Research Reuters Ticker	Country	NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight
<b>NORTH AMERICA</b>													<b>42.9</b>	<b>100.0</b>	<b>30.0</b>	<b>100</b>
<b>Covered</b>																
		<b>NAV</b>														
AKR	USA	22.62	22.0	933	1,240	24.8	1.00	933	1,240	Y	Retail	Investor	0.1	0.2	0.5	1.8
ARC	USA	10.11	16.2	524	1,659	68.4	1.00	524	1,659	Y	Residntl	Investor	0.0	0.1	-	-
ARE	USA	113.83	(10.1)	2,950	5,342	44.8	1.00	2,950	5,342	Y	Office	Investor	0.3	0.6	1.0	3.4
AMB	USA	54.29	14.0	6,008	9,667	37.9	1.00	6,008	9,667	Y	Indstrl	Investor	0.6	1.3	0.3	1.0
ACC	USA	27.42	11.9	778	1,131	31.2	1.00	778	1,131	Y	Residntl	Investor	0.1	0.2	0.1	0.3
AIV	USA	62.16	(6.5)	6,515	13,882	53.1	1.00	6,515	13,882	Y	Residntl	Investor	0.6	1.4	0.6	2.2
ASN	USA	48.07	12.5	13,554	20,008	32.3	1.00	13,554	20,008	Y	Residntl	Investor	1.3	2.9	1.4	4.7
AVB	USA	116.36	12.5	9,792	12,546	21.9	1.00	9,792	12,546	Y	Residntl	Investor	0.9	2.1	1.6	5.3
BXP	USA	105.20	11.6	16,496	20,371	19.0	1.00	16,496	20,371	Y	Office	Investor	1.5	3.6	1.6	5.3
BDN	USA	41.96	(20.1)	3,095	6,438	51.9	1.00	3,095	6,438	Y	Office	Investor	0.3	0.7	-	-
BRE	USA	57.80	8.8	3,311	5,220	36.6	1.00	3,311	5,220	Y	Residntl	Investor	0.3	0.7	0.3	1.1
BPO	USA	34.49	16.2	9,661	21,096	54.2	1.00	9,661	21,096	Y	Office	Investor	0.9	2.1	0.6	2.0
CPT	USA	78.15	(8.1)	4,524	6,951	34.9	1.00	4,524	6,951	Y	Residntl	Investor	0.4	1.0	0.3	1.0
CBL	USA	50.06	(4.6)	5,590	10,515	46.8	1.00	5,590	10,515	Y	Retail	Investor	0.5	1.2	0.4	1.3
CDR	USA	13.72	20.5	601	1,458	58.8	1.00	601	1,458	Y	Retail	Investor	0.1	0.1	-	-
CSA	USA	22.04	(4.4)	265	526	49.6	1.00	265	526	N	Specialty	Investor	N/A	N/A	-	-
CLP	USA	49.64	(2.3)	2,751	5,391	49.0	1.00	2,751	5,391	Y	Residntl	Investor	0.3	0.6	-	-
OFC	USA	45.50	5.3	2,461	4,150	40.7	1.00	2,461	4,150	Y	Office	Investor	0.2	0.5	-	-
CEI	USA	17.77	16.7	2,605	5,447	52.2	1.00	2,605	5,447	Y	Office	Investor	0.2	0.6	-	-
DDR	USA	51.86	26.2	7,225	12,150	40.5	1.00	7,225	12,150	Y	Retail	Investor	0.7	1.6	-	-
DRH	USA	20.06	(2.3)	1,848	2,670	30.8	1.00	1,848	2,670	Y	Hotel/Leis	Investor	0.2	0.4	0.1	0.4
DLR	USA	28.68	40.0	2,779	4,167	33.3	1.00	2,779	4,167	Y	Office	Investor	0.3	0.6	0.4	1.3
DRE	USA	38.43	14.8	6,572	11,958	45.0	1.00	6,572	11,958	Y	OffMxd	Investor	0.6	1.4	0.6	2.1
EGP	USA	51.09	1.0	1,225	1,703	28.1	1.00	1,225	1,703	Y	Indstrl	Investor	0.1	0.3	-	-
EDR	USA	15.31	(2.3)	424	911	53.4	1.00	424	911	Y	Residntl	Investor	0.0	0.1	-	-
EPR	USA	46.79	35.0	1,763	2,694	34.6	1.00	1,763	2,694	Y	Specialty	Investor	0.2	0.4	0.3	1.0
ENN	USA	17.09	(0.3)	951	1,720	44.7	1.00	951	1,720	Y	Hotel/Leis	Investor	0.1	0.2	0.1	0.3
ELS	USA	N/A	N/A	1,701	3,619	53.0	1.00	1,701	3,619	Y	Residntl	Investor	0.2	0.4	0.4	1.3
EQR	USA	50.03	(2.3)	15,364	23,536	34.7	1.00	15,364	23,536	Y	Residntl	Investor	1.4	3.3	1.1	3.6
ESS	USA	118.30	9.2	3,381	5,075	33.4	1.00	3,381	5,075	Y	Residntl	Investor	0.3	0.7	0.3	1.0
FCH	USA	24.03	10.0	1,666	3,487	52.2	1.00	1,666	3,487	Y	Hotel/Leis	Investor	0.2	0.4	0.1	0.4
FR	USA	37.38	20.3	2,316	4,230	45.2	1.00	2,316	4,230	Y	Indstrl	Investor	0.2	0.5	-	-
GGP	USA	71.70	(10.2)	19,015	39,814	52.2	1.00	19,015	39,814	Y	Retail	Investor	1.8	4.1	2.2	7.3
GRT	USA	32.55	(16.0)	1,096	2,876	61.9	1.00	1,096	2,876	Y	Retail	Investor	0.1	0.2	-	-
HCP	USA	30.19	22.1	7,538	13,857	45.6	1.00	7,538	13,857	Y	Hlthcare	Investor	0.7	1.6	0.5	1.6
HIH	USA	16.97	12.2	1,152	1,767	34.8	1.00	1,152	1,767	Y	Hotel/Leis	Investor	0.1	0.3	0.1	0.3
HIW	USA	41.96	1.1	2,647	4,293	38.3	1.00	2,647	4,293	Y	OffMxd	Investor	0.2	0.6	-	-
HME	USA	61.56	(9.4)	2,589	4,655	44.4	1.00	2,589	4,655	Y	Residntl	Investor	0.2	0.6	-	-
HST	USA	28.70	(5.8)	14,915	20,031	25.5	1.00	14,915	20,031	Y	Hotel/Leis	Investor	1.4	3.2	1.1	3.5
HRP	USA	12.46	1.9	2,666	5,875	54.6	1.00	2,666	5,875	Y	Office	Investor	0.2	0.6	-	-
KPA	USA	17.75	0.8	856	1,506	43.2	1.00	856	1,506	Y	Hotel/Leis	Investor	0.1	0.2	0.1	0.2
KRC	USA	83.34	(9.9)	2,594	3,663	29.2	1.00	2,594	3,663	Y	Office	Investor	0.2	0.6	0.4	1.3
KIM	USA	33.67	45.3	12,713	15,928	20.2	1.00	12,713	15,928	Y	Retail	Investor	1.2	2.8	1.3	4.3
KRG	USA	16.48	27.6	789	1,332	40.8	1.00	789	1,332	Y	Retail	Investor	0.1	0.2	0.3	0.8
LHO	USA	49.21	(0.1)	1,974	3,097	36.2	1.00	1,974	3,097	Y	Hotel/Leis	Investor	0.2	0.4	0.2	0.5
LRY	USA	49.87	0.1	4,773	7,267	34.3	1.00	4,773	7,267	Y	OffMxd	Investor	0.4	1.0	-	-
MAC	USA	90.90	5.6	8,817	13,704	35.7	1.00	8,817	13,704	Y	Retail	Investor	0.8	1.9	0.6	1.9
CLI	USA	52.71	(7.4)	3,826	5,910	35.3	1.00	3,826	5,910	Y	Office	Investor	0.4	0.8	-	-
MPG	USA	41.42	(10.0)	2,039	4,883	58.2	1.00	2,039	4,883	Y	Office	Investor	0.2	0.4	-	-
NNN	USA	23.77	4.0	1,470	2,227	34.0	1.00	1,470	2,227	Y	Retail	Investor	0.1	0.3	0.1	0.4
NHP	USA	31.74	2.4	2,802	4,366	35.8	1.00	2,802	4,366	Y	Hlthcare	Investor	0.3	0.6	0.3	0.8
NXL	USA	25.70	28.9	3,595	5,690	36.8	1.00	3,595	5,690	Y	Retail	Investor	0.3	0.8	-	-
OEH	USA	N/A	N/A	3,304	3,894	15.2	1.00	3,304	3,894	Y	Hotel/Leis	Investor	0.3	0.7	-	-
PKY	USA	51.46	4.9	815	1,719	52.6	1.00	815	1,719	Y	Office	Investor	0.1	0.2	-	-
PPS	USA	42.61	10.6	2,083	3,208	35.1	1.00	2,083	3,208	Y	Residntl	Investor	0.2	0.5	-	-
PLD	USA	56.01	17.5	17,130	25,391	32.5	1.00	17,130	25,391	Y	Indstrl	Dvpr/Inv	1.6	3.7	1.0	3.4
PSB	USA	67.78	5.6	2,073	2,821	26.5	1.00	2,073	2,821	Y	OffMxd	Investor	0.2	0.5	-	-
PSA	USA	81.97	17.5	16,378	20,526	20.2	1.00	16,378	20,526	Y	Sif-Strge	Investor	1.5	3.6	1.7	5.5
O	USA	24.74	15.5	2,878	4,126	30.2	1.00	2,878	4,126	Y	Retail	Investor	0.3	0.6	-	-
REG	USA	69.21	21.9	5,878	7,739	24.0	1.00	5,878	7,739	Y	Retail	Investor	0.5	1.3	0.8	2.5
SPG	USA	117.43	(2.5)	33,845	48,621	30.4	1.00	33,845	48,621	Y	Retail	Investor	3.2	7.4	2.9	9.7
SLG	USA	138.61	2.0	7,626	9,598	20.5	1.00	7,626	9,598	Y	Office	Investor	0.7	1.7	0.7	2.2
SSS	USA	53.42	4.0	1,160	1,601	27.5	1.00	1,160	1,601	Y	Sif-Strge	Investor	0.1	0.3	-	-
SFC	USA	10.86	31.2	1,631	3,378	51.7	1.00	1,631	3,378	Y	Diversfd	Investor	0.2	0.4	-	-
BEE	USA	21.10	6.6	1,753	3,872	54.7	1.00	1,753	3,872	Y	Hotel/Leis	Investor	0.2	0.4	0.1	0.5
SUI	USA	35.47	(13.0)	631	1,794	64.8	1.00	631	1,794	Y	Residntl	Investor	0.1	0.1	-	-
SHO	USA	34.90	(17.2)	1,864	3,712	49.8	1.00	1,864	3,712	Y	Hotel/Leis	Investor	0.2	0.4	0.1	0.4
SKT	USA	35.50	17.6	1,549	2,294	32.5	1.00	1,549	2,294	Y	Retail	Investor	0.1	0.3	0.2	0.6
TCO	USA	64.25	(8.1)	4,867	7,407	34.3	1.00	4,867	7,407	Y	Retail	Investor	0.5	1.1	-	-
UDR	USA	29.39	4.6	4,570	8,037	43.1	1.00	4,570	8,037	Y	Residntl	Investor	0.4	1.0	0.2	0.6
YSI	USA	19.01	0.7	1,197	2,075	42.3	1.00	1,197	2,075	Y	Sif-Strge	Investor	0.1	0.3	-	-
VTR	USA	46.74	(9.2)	4,438	6,765	34.4	1.00	4,438	6,765	Y	Hlthcare	Investor	0.4	1.0	0.8	2.6
VNO	USA	117.34	3.5	19,235												

Figure 25. Global Property Hunter – Americas, Uncovered

Citigroup Investment Research Global Property Hunter Company	Reuters Ticker	Rating	Country	Price		Total Return, YTD		Target Price	Div 2007	Div Yield	Earnings Estimates				EV/ EBITDA, 2007		
				04/17/07		Local Cur.	USD				2007	2008	Growth			Multiple	
				Local Cur.									2007	2008		2007	2008
<b>Uncovered Companies</b>													<b>FFO</b>	<b>EV/EBITDA</b>			
Allied Properties REIT	AP_u.TO	-	Canada	22.16	CAD	(3.4)	(0.6)	-	1.34	6.0	1.63	1.74	6.7	6.5	13.6	12.7	14.2
Boardwalk REIT	BEI_u.TO	-	Canada	43.70	CAD	6.7	9.9	-	1.68	3.9	2.00	2.23	22.2	11.2	21.8	19.6	19.9
Calloway REIT	CWT_u.TO	-	Canada	27.15	CAD	(0.3)	2.6	-	1.55	5.7	1.77	1.85	6.2	4.3	15.3	14.7	15.9
Canadian Apartment	CAR_u.TO	-	Canada	21.06	CAD	14.8	18.2	-	1.08	5.1	1.20	1.26	3.2	5.2	17.6	16.7	17.3
Canadian Hotel Income	HOT_u.TO	-	Canada	16.30	CAD	11.3	14.5	-	0.96	5.9	1.43	1.53	10.5	7.3	11.4	10.7	11.6
Canadian REIT	REF_u.TO	-	Canada	30.68	CAD	(1.5)	1.4	-	1.40	4.6	1.99	2.07	3.3	3.9	15.4	14.8	17.0
Chartwell Seniors Housing	CSH_u.TO	-	Canada	14.42	CAD	5.4	8.3	-	1.07	7.4	1.03	1.13	12.6	10.6	14.1	12.7	13.6
Cominar REIT	CUF_u.TO	-	Canada	24.09	CAD	8.4	11.6	-	1.34	5.6	1.65	1.76	4.6	6.5	14.6	13.7	13.2
Dundee REIT	D_u.TO	-	Canada	40.14	CAD	5.3	8.3	-	2.20	5.5	2.81	2.96	(0.2)	5.0	14.3	13.6	14.1
H & R REIT	HR_u.TO	-	Canada	25.13	CAD	5.7	8.8	-	1.41	5.6	1.72	1.76	2.0	2.3	14.6	14.3	15.5
InnVest REIT	INN_u.TO	-	Canada	13.78	CAD	1.9	4.8	-	1.13	8.2	1.40	1.49	5.3	6.4	9.8	9.2	11.1
Legacy Hotels REIT	LGY_u.TO	-	Canada	13.61	CAD	44.4	48.8	-	0.39	2.9	0.85	0.96	12.4	12.8	15.9	14.1	13.6
Morguard REIT	MRT_u.TO	-	Canada	16.25	CAD	19.9	23.4	-	0.90	5.5	1.07	1.15	(0.5)	8.0	15.3	14.1	15.4
Northern Property REIT	NPR_u.TO	-	Canada	25.36	CAD	(8.0)	(5.4)	-	1.41	5.6	1.78	1.88	7.3	5.7	14.2	13.5	15.2
Primaris Retail REIT	PMZ_u.TO	-	Canada	20.51	CAD	10.2	13.4	-	1.23	6.0	1.42	1.51	3.9	5.9	14.4	13.6	14.7
Riocan REIT	REI_u.TO	-	Canada	25.35	CAD	2.1	5.1	-	1.33	5.2	1.47	1.57	1.7	6.7	17.2	16.1	18.2
Sunrise Senior Living REIT	SZR_u.TO	-	Canada	16.51	CAD	56.9	61.5	-	0.86	5.2	0.79	0.85	13.1	7.7	20.8	19.4	17.2
Agree Realty	ADC	-	USA	34.20	USD	0.9	0.9	-	1.97	5.8	2.42	2.47	0.8	2.1	14.1	13.8	14.0
Alexanders Inc	ALX	-	USA	411.15	USD	(2.0)	(2.0)	-	0.00	0.0	NA	NA	NA	N/A	N/A	N/A	N/A
American Financial	AFR	-	USA	10.93	USD	(2.8)	(2.8)	-	0.76	7.0	0.74	0.81	61.5	8.7	14.7	13.5	21.7
Ashford Hospitality	AHT	-	USA	12.32	USD	0.6	0.6	-	0.83	6.7	1.36	1.53	20.3	12.5	9.1	8.1	7.3
Associated Estates	AEC	-	USA	15.50	USD	15.3	15.3	-	0.68	4.4	1.10	1.23	N/A	11.8	14.1	12.6	N/A
BioMed Realty Trust	BMR	-	USA	28.61	USD	1.1	1.1	-	1.23	4.3	1.81	2.00	4.1	10.6	15.8	14.3	18.1
Correct Corp of America	CXW	-	USA	54.45	USD	20.4	20.4	-	0.00	0.0	NA	NA	N/A	N/A	N/A	N/A	12.3
Cousins Property	CUZ	-	USA	34.73	USD	(0.5)	(0.5)	-	1.48	4.3	1.49	1.60	6.1	7.7	23.4	21.7	N/A
Equity One Inc	EQY	-	USA	28.19	USD	6.9	6.9	-	1.21	4.3	1.40	1.50	(5.5)	7.0	20.2	18.8	19.2
Federal Realty Invs	FRT	-	USA	91.80	USD	8.7	8.7	-	2.35	2.6	3.64	3.95	11.8	8.3	25.2	23.3	20.6
First Potomac Realty	FPO	-	USA	28.85	USD	0.3	0.3	-	1.33	4.6	1.84	2.02	13.3	10.3	15.7	14.3	14.9
Forest City A	FCEa	-	USA	69.35	USD	18.9	18.9	-	0.17	0.2	2.72	2.95	3.4	8.6	25.5	23.5	26.6
Getty Realty	GTY	-	USA	29.98	USD	(1.5)	(1.5)	-	1.82	6.1	1.98	2.05	-	3.3	15.1	14.7	N/A
GMH Communities Trust	GCT	-	USA	10.21	USD	2.2	2.2	-	0.66	6.5	0.66	0.74	40.0	12.0	15.5	13.9	15.7
Healthcare Realty Trust	HR	-	USA	34.54	USD	1.0	1.0	-	1.96	5.7	1.80	1.77	(15.4)	(1.7)	19.2	19.5	18.5
Healthcare REIT	HCN	-	USA	44.74	USD	4.7	4.7	-	2.63	5.9	3.11	3.28	5.7	5.6	14.4	13.6	14.3
Hersha Hospitality	HT	-	USA	12.18	USD	9.0	9.0	-	0.72	5.9	1.17	1.33	20.6	13.8	10.4	9.1	11.6
Hospitality Properties	HPT	-	USA	47.16	USD	15.6	15.6	-	3.00	6.4	4.48	4.73	6.6	5.7	10.5	10.0	9.1
Inland Real Estate	IRC	-	USA	18.81	USD	1.8	1.8	-	0.98	5.2	1.40	1.47	5.3	4.6	13.4	12.8	14.7
Investors Real Estate Trust	IRETS	-	USA	10.97	USD	8.5	8.5	-	0.66	6.0	0.86	0.88	8.9	2.1	12.8	12.5	13.7
Lexington Corp	LXP	-	USA	21.44	USD	(2.7)	(2.7)	-	1.50	7.0	1.78	1.87	38.8	5.0	12.1	11.5	12.2
LTC Properties	LTC	-	USA	25.94	USD	(3.6)	(3.6)	-	1.44	5.6	1.89	2.00	3.0	6.1	13.8	13.0	11.9
Mid-America Apt Comm	MAA	-	USA	56.39	USD	0.6	0.6	-	2.43	4.3	3.51	3.79	5.4	8.0	16.1	14.9	14.4
National Healthcare	N	-	USA	53.15	USD	(3.4)	(3.4)	-	0.69	1.3	NA	NA	N/A	N/A	N/A	N/A	N/A
OMEGA Healthcare REIT	OHI	-	USA	17.52	USD	0.3	0.3	-	1.09	6.2	1.36	1.40	2.8	3.4	12.9	12.5	13.3
Ramco-Gershenson	RPT	-	USA	36.66	USD	(2.7)	(2.7)	-	1.79	4.9	2.65	2.76	4.3	4.3	13.8	13.3	14.7
Republic Property	RPB	-	USA	11.55	USD	1.2	1.2	-	0.50	4.3	0.55	0.66	9.6	20.1	21.1	17.6	N/A
Saul Centers	BFS	-	USA	55.72	USD	2.5	2.5	-	1.76	3.1	2.74	2.88	6.4	5.1	20.4	19.4	14.4
Senior Housng Prop Trust	SNH	-	USA	24.27	USD	0.5	0.5	-	1.37	5.6	1.66	1.75	6.0	4.9	14.6	13.9	15.0
Universal Health Rlty	UHT	-	USA	37.40	USD	(2.6)	(2.6)	-	2.26	6.0	2.55	2.63	4.5	3.1	14.7	14.2	N/A
Urstadt Biddle Pptys	UBP	-	USA	17.99	USD	4.9	4.9	-	0.92	5.1	1.26	1.29	9.1	3.0	14.3	13.9	14.6
Washington Real Estate	WRE	-	USA	37.97	USD	(4.0)	(4.0)	-	1.68	4.4	2.25	2.37	6.0	5.3	16.9	16.0	16.5
Winston Hotels	WXH	-	USA	14.71	USD	11.0	11.0	-	0.60	4.1	1.25	1.40	7.3	12.4	11.8	10.5	11.6
Winthrop Realty Trust	FUR	-	USA	6.74	USD	(0.7)	(0.7)	-	0.30	4.5	0.63	0.63	(27.1)	23.5	13.2	10.7	N/A
<b>N America Uncovereds Tot/Wghtd Avg.</b>						<b>7.8</b>	<b>8.7</b>		<b>4.4</b>				<b>8.8</b>	<b>6.8</b>	<b>16.9</b>	<b>15.8</b>	<b>16.6</b>
<b>N America Uncovereds Straight Avg.</b>						<b>6.0</b>	<b>7.1</b>		<b>4.9</b>				<b>8.1</b>	<b>7.2</b>	<b>15.5</b>	<b>14.5</b>	<b>15.1</b>

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS, SNL.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.



Figure 26. Global Property Hunter – Americas, Uncovered (continued)

Citigroup Reuters Ticker	Investment Country	Research NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight	
<b>Uncovered</b>		<b>NAV</b>															
AP_u.TO	Canada	26.18	(15.3)	535	797	32.9	1.13	473	705	Y	Office	Investor	0.0	0.1			
BEI_u.TO	Canada	42.75	2.2	2,495	4,042	38.3	1.13	2,208	3,576	Y	Residntl	Investor	0.2	0.5			
CWT_u.TO	Canada	30.43	(10.8)	2,447	4,185	41.5	1.13	2,165	3,703	Y	Diversfd	Investor	0.2	0.5			
CAR_u.TO	Canada	21.20	(0.7)	1,232	2,599	52.6	1.13	1,090	2,299	Y	Residntl	Investor	0.1	0.2			
HOT_u.TO	Canada	15.97	2.1	736	993	25.9	1.13	651	879	Y	Hotel/Leis	Investor	0.1	0.1			
REF_u.TO	Canada	32.59	(5.8)	1,757	2,881	39.0	1.13	1,554	2,549	Y	Diversfd	Investor	0.1	0.3			
CSH_u.TO	Canada	15.89	(9.3)	1,088	2,132	49.0	1.13	962	1,886	Y	Hlthcare	Investor	0.1	0.2			
CUF_u.TO	Canada	25.52	(5.6)	900	1,287	30.1	1.13	796	1,138	Y	Diversfd	Investor	0.1	0.2			
D_u.TO	Canada	40.77	(1.5)	1,961	3,040	35.5	1.13	1,735	2,689	Y	Diversfd	Investor	0.2	0.4			
HR_u.TO	Canada	30.63	(18.0)	3,065	6,284	51.2	1.13	2,712	5,560	Y	Indstrl	Investor	0.3	0.6			
INN_u.TO	Canada	12.94	6.5	769	1,400	45.1	1.13	681	1,239	Y	Hotel/Leis	Investor	0.1	0.1			
LGY_u.TO	Canada	14.47	(5.9)	1,464	2,473	40.8	1.13	1,295	2,188	Y	Hotel/Leis	Investor	0.1	0.3			
MRT_u.TO	Canada	15.77	3.1	925	1,675	44.8	1.13	819	1,482	Y	Diversfd	Investor	0.1	0.2			
NPR_u.TO	Canada	24.13	5.1	514	858	40.1	1.13	455	759	Y	Residntl	Investor	0.0	0.1			
PMZ_u.TO	Canada	20.15	1.8	1,169	1,800	35.1	1.13	1,034	1,593	Y	Retail	Investor	0.1	0.2			
REI_u.TO	Canada	25.36	(0.1)	5,169	7,909	34.6	1.13	4,574	6,998	Y	Retail	Investor	0.4	1.0			
SZR_u.TO	Canada	15.78	4.6	1,127	2,345	51.9	1.13	997	2,074	Y	Hlthcare	Investor	0.1	0.2			
ADC	USA	34.73	(1.5)	265	339	21.9	1.00	265	339	Y	Retail	Investor	0.0	0.1			
ALX	USA	N/A	N/A	2,078	2,535	18.0	1.00	2,078	2,535	Y	Diversfd	Investor	0.2	0.5			
AFR	USA	12.81	(14.7)	1,396	3,517	60.3	1.00	1,396	3,517	Y	Office	Investor	0.1	0.3			
AHT	USA	12.79	(3.7)	885	2,106	58.0	1.00	885	2,106	Y	Hotel/Leis	Investor	0.1	0.2			
AEC	USA	20.60	(24.8)	262	790	66.9	1.00	262	790	Y	Residntl	Investor	0.0	0.1			
BMR	USA	29.37	(2.6)	1,755	3,089	43.2	1.00	1,755	3,089	Y	Office	Investor	0.2	0.4			
CXW	USA	N/A	N/A	3,284	4,138	20.6	1.00	3,284	4,138	Y	N/A	Investor	0.3	0.7			
CUZ	USA	N/A	N/A	1,693	2,235	24.2	1.00	1,693	2,235	Y	Diversfd	Investor	0.2	0.4			
EQY	USA	26.38	6.9	1,993	3,069	35.1	1.00	1,993	3,069	Y	Retail	Investor	0.2	0.4			
FRT	USA	87.51	4.9	5,017	6,723	25.4	1.00	5,017	6,723	Y	Retail	Investor	0.5	1.1			
FPO	USA	27.92	3.3	678	1,240	45.4	1.00	678	1,240	Y	Indstrl	Investor	0.1	0.1			
FCEa	USA	58.95	17.6	7,020	13,478	47.9	1.00	7,020	13,478	Y	Diversfd	Investor	0.7	1.5			
GTY	USA	27.90	7.5	726	770	5.7	1.00	726	770	Y	Specialty	Investor	0.1	0.2			
GCT	USA	11.36	(10.1)	416	1,779	76.6	1.00	416	1,779	Y	Residntl	Investor	0.0	0.1			
HR	USA	32.64	5.8	1,657	2,502	33.8	1.00	1,657	2,502	Y	Hlthcare	Investor	0.2	0.4			
HCN	USA	40.37	10.8	3,447	5,894	41.5	1.00	3,447	5,894	Y	Hlthcare	Investor	0.3	0.7			
HT	USA	12.48	(2.4)	485	1,145	57.6	1.00	485	1,145	Y	Hotel/Leis	Investor	0.0	0.1			
HPT	USA	N/A	N/A	4,348	5,087	14.5	1.00	4,348	5,087	Y	Residntl	Investor	0.4	0.9			
IRC	USA	15.74	19.5	1,182	1,986	40.5	1.00	1,182	1,986	Y	Retail	Investor	0.1	0.3			
IRETS	USA	N/A	N/A	515	1,606	67.9	1.00	515	1,606	Y	Diversfd	Investor	0.0	0.1			
LXP	USA	20.25	5.9	1,475	4,631	68.2	1.00	1,475	4,631	Y	Diversfd	Investor	0.1	0.3			
LTC	USA	27.00	(3.9)	595	832	28.6	1.00	595	832	Y	Hlthcare	Investor	0.1	0.1			
MAA	USA	58.88	(4.2)	1,420	2,655	46.5	1.00	1,420	2,655	Y	Residntl	Investor	0.1	0.3			
O	USA	N/A	N/A	654	543	-	1.00	654	543	Y	Hlthcare	Investor	0.1	0.1			
OHI	USA	16.42	6.7	1,121	1,917	41.5	1.00	1,121	1,917	Y	Hlthcare	Investor	0.1	0.2			
RPT	USA	40.34	(9.1)	586	1,376	57.4	1.00	586	1,376	Y	Retail	Investor	0.1	0.1			
RPB	USA	13.23	(12.7)	297	665	55.4	1.00	297	665	Y	Office	Investor	0.0	0.1			
BFS	USA	55.41	0.6	912	1,531	40.5	1.00	912	1,531	Y	Retail	Investor	0.1	0.2			
SNH	USA	24.93	(2.6)	2,020	2,566	21.3	1.00	2,020	2,566	Y	Hlthcare	Investor	0.2	0.4			
UHT	USA	N/A	N/A	423	448	5.7	1.00	423	448	Y	Hlthcare	Investor	0.0	0.1			
UBP	USA	N/A	N/A	490	715	31.5	1.00	490	715	Y	Retail	Investor	0.0	0.1			
WRE	USA	41.51	(8.5)	1,673	2,693	37.9	1.00	1,673	2,693	Y	Diversfd	Investor	0.2	0.4			
WXH	USA	14.18	3.7	434	772	43.8	1.00	434	772	Y	Hotel/Leis	Investor	0.0	0.1			
FUR	USA	6.82	(1.2)	437	853	48.7	1.00	437	853	Y	Diversfd	Investor	0.0	0.1			
<b>N America Uncovereds Tot/Wghtd Avg.</b>			<b>0.9</b>	<b>81,490</b>	<b>137,956</b>	<b>41.0</b>		<b>78,338</b>	<b>132,575</b>				<b>7.4</b>	<b>17.1</b>	-	-	
<b>N America Uncovereds Straight Avg.</b>			<b>(1.3)</b>														

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS, SNL.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

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## Regional Focus- Asia

### Japan

The TSE Real Estate Index produced a total return of 17.8% in 1Q07, outperforming TOPIX (2.5%). The performance of the real estate large caps in our coverage was as follows: Mitsui Fudosan (8801.T - ¥3340.0; 1M) gained 19.3% in the quarter, Mitsubishi Estate (8802.T - ¥3600.0; 1M) 25.9%, Sumitomo Realty & Development (8830.T - ¥4210.0; 1M) 17.2%, and NTT Urban Development (8933.T - ¥270000.0; 1M) 20.2%. The performance of the majors bettered that of TOPIX, and their outperformance since 2006 is continuing.

The TSE REIT Index (including dividends) generated a total return of 25.5% in Q1 (January to end-March), outpacing TOPIX (2.5%). One J-REIT held an IPO in the quarter, taking the number of J-REIT stocks to 41 at the end of the quarter, with a market cap of approximately ¥6.3trn (around \$54bn).

### Outlook for 2007

We feel that the 2007 outlooks for both the real estate majors and J-REITs are favorable, and we forecast a 20% return for the real estate sector and a 10% return for the J-REIT sector. We think firm fundamentals, receding fears of interest rate rises, and a continuing flow of funds into the sectors should help to underpin them. We continue to recommend an overweight allocation to Japan. Among Japan's macroeconomic indicators, we expect real GDP growth of around 2% and the consensus expectations are for a gentle rise in the 10-year JGB yield from the current 1.7% level. We see the risks for both real estate firms and J-REITs as likely to be cap rate trends, changes in risk tolerance levels toward the sector, and global market trends, encompassing factors such as the business cycle outlook.

We expect operating profit growth in the core businesses of major real estate operators to be around 15%–20% in fiscal 2006 (ended March 2007). While we anticipate a slight slowdown to growth of around 10%–15% in fiscal 2007, we detect room for earnings upside, and think there is a good chance of continued record earnings levels in fiscal 2007 and beyond.

Principal businesses of major real estate operators include leasing (mainly office space), built-for-sale (mainly condos), and real estate brokerage (brokering both retail and wholesale transactions); earnings are brisk, or at least steady in all these areas. In terms of the risk posed by potential interest rate hikes, judging by current debt financing conditions it will probably be at least three years before average fund-raising costs increase. Leading real estate operators are continuing to develop business portfolios that will ensure they are not solely dependent on office rents rising. In particular, we expect they will further expand activities in redevelopment business that cannot easily be emulated by others.

Trends in EPS (and, therefore, DPS) at J-REITs are determined by 1) earnings from existing portfolio properties, 2) the acquisition of new properties, and 3) capital structure. Looking at the breakdown of earnings from existing properties by type, we expect a definite improvement in earnings from office properties during 2007. As for residential properties, we expect the trend toward higher rents on urban properties will gradually gain strength. Earnings from retail facilities, warehouses, hotels, and other properties have been steady. Accordingly, we look for earnings from existing properties to generally improve

or at least remain stable. We expect competition for new acquisitions to remain tough in 2007. With regard to capital structure, J-REITs tend to be conservative, with interest-bearing debt accounting for around 40% of total assets. We think there will be room for J-REITs to further expand EPS by utilizing leverage even if interest rates rise.

Cap rates have been in a consistent decline, with rates on Class A buildings in central Tokyo dropping to the current level of around 3.5% from approximately 6% in 1999. Judging by prevailing real estate transactions, we think the downtrend is abating somewhat, but given that 1) rents are rising, particularly for office properties, and 2) the yield spread with the risk-free rate (ten-year JGB yield) is large compared to other regions, we think there could still be room for cap rates to decline by another 50bps or so if interest rates rise further.

Twelve J-REITs undertook initial public offerings during 2006, bringing the total number of listed J-REITs to 40 as of year-end. We would expect the number of new listings to drop to between five and ten in 2007. We anticipate a growing trend toward real estate sector listings on Japan's new exchanges (Nikkei JASDAQ, TSE Mothers). As for the TSE1 real estate sector, Nomura Real Estate Holdings (3231.T - ¥3990.0; Not Rated) listed in 2006, but we do not think any major new listings are penciled in for 2007.

M&A activities have not been conspicuous up to now, but in J-REITs, we are seeing events occurring that indicate the depth of interest overseas money has in J-REIT market, with 1) CapitaLand Group (CATL.SI - S\$8.55; 3L) taking a stake in BLife Investment Corp. (8984.T - ¥721000.0; Not Rated) and its asset management company via a private placement, 2) the GE group taking a stake in LCP Investment Corp. (8980.T - ¥505000.0; Not Rated) via a private placement, and 3) overseas funds buying up J-REIT shares in large volumes. We think that M&A deals are being looked at behind the scenes and if M&A deals are launched, we would look for the spotlight to shift especially to undervalued stocks trading on NAV multiples around 1.0x or below.

In terms of valuations, we think the market continues to look closely at NAV for major real estate operations and dividend yields for J-REITs. We expect the major real estate operators to see rising cash flows in leasing business (on improved earnings from existing properties and contributions from new projects), and we think cap rates will hold roughly steady or perhaps decline, so NAV levels are likely to increase. We think current share prices suggest that major real estate operators are trading on something of a discount to prospective end fiscal 2007 NAV.

The J-REIT sector-average dividend yield is about 2.8% (market-cap weighted average), while the FFO yield is around 4.0% and the NAV premium about 60%. We expect that the current yield spread of 110 basis points compared with the ten-year JGB yield will narrow. Investment trusts into which individual investors put their money and foreign investors are the main buyers, and we expect the average required yield to decline on the influx of pension funds over the medium term.

### **Review of 1Q 2007**

The TSE Real Estate Index produced a total return of 17.8% in Q1 (January to end-March), outperforming TOPIX (2.5%). The performance of the real estate majors in our coverage was as follows: Mitsui Fudosan (8801.T - ¥3340.0; 1M) gained 19.3% in the quarter (21.8% in 2006), Mitsubishi Estate (8802.T -

¥3600.0; 1M) 25.9% (26.3%), Sumitomo Realty & Development (8830.T - ¥4210.0; 1M) 17.2% (49.5%), and NTT Urban Development 20.2% (48.1%). The Q1 performance of the majors bettered that of TOPIX, and their outperformance since 2006 has been continuing.

Broadly speaking, real estate subsector performance in Q1 can be divided into those who did well — the major integrated developers (Mitsui Fudosan, Mitsubishi Estate, and Sumitomo Realty, etc.), the second-tier integrated developers (Tokyu Land (8815.T - ¥1278.0; Not Rated), Tokyo Tatemono (8804.T - ¥1608.0; Not Rated), etc.), real estate firms with core leasing businesses (TOC (8841.T - ¥935.0; Not Rated), Daibiru (8806.T - ¥1670.0; Not Rated), etc.)—and those who fared less well—condo developers (Goldcrest (8871.T - ¥6010.0; Not Rated), Hoosiers (8907.T - ¥75700.0; Not Rated), etc.) and real estate asset management companies (Pacific Management (8902.T - ¥236000.0; 1H), Creed (8888.T - ¥337000.0; 1H), etc.) We think investors are increasingly turning their collective attention to companies that can offer value-added in raising asset values or that have blue-chip assets (the major integrated developers are typical of this pattern) from companies that have revolving business models that aim to capture the spread between low interest rates (low fundraising costs) and cap rates (condo developers are typical of this pattern).

The TSE REIT Index (including dividends) generated a total return of 25.5% in Q1 (January to end-March), outpacing TOPIX (2.5%). One J-REIT held an IPO in the quarter, taking the number of J-REIT stocks to 41 at the end of the quarter, with a market cap of approximately ¥6.3trn (around \$54bn).

The strongest performers in the J-REIT sector were Japan Excellent (Q1 share price gain of 73%, excluding dividends), BLife (8984.T - ¥721000.0; Not Rated) (53%), and DA Office (8976.T - ¥875000.0; Not Rated) (47%). Investors are taking a fresh look at names with strong earnings or those which have lagged. On the other hand, names that surged in 2006 underperformed, such as the Nippon Accommodations Fund (3226.T - ¥840000.0; Not Rated) (down 2.5%) and Japan Logistics Fund (8967.T - ¥1170000.0; Not Rated) (flat).

### Other Relevant Topics

Official land prices were announced on March 22, 2007, with the national average rising for both commercial and residential land for the first time in 16 years. Compared with last year, when the rises focused on central Tokyo, the 2007 figures gave the impression that land prices are recovering over a wide area, including the three big metropolises and key regional cities.

The average office vacancy rate in the five main wards of Tokyo remains around 3%. The rise in average asking rents is intensifying.

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## Taiwan

### Outlook for 2007

After the weak 1Q07 as we expected, we see the possibility for Taiwanese property stocks to run again in 2Q07, because:

1. Most developers have started or will start to launch new projects again after March, so more industry datapoints will be available to check
2. The Taiwanese government is likely to announce new policies on cross-strait relations, such as allowing Chinese tourists to visit Taiwan, or weekend chartered flights
3. Two major parties may finalize their candidates for the 2008 presidential election, thus uncertainty will be largely reduced

In the long-term, expectations of improved cross-Strait relations after the presidential election in 2008 will sustain replacement and investment demand, in our view. If the long-awaited opening up between Taiwan and China materializes, the release of pent-up demand could trigger a multi-year up-cycle, though not as strong as in Hong Kong in 2003–05. Land shortages should support the market too. The rise of local interest rates should be slowed by the interest rate cut in the US and mediocre economic growth.

As a result, we expect the Taiwan property index to rise another 10% to 20% in 2007, though rising volatility will be inevitable given more and more noise in the market.

### Review of 1Q'2007

The property sector in Taiwan retreated 7.3% in 1Q07 following a 33% rally in 4Q06, or underperformed the broader index by about 8%, as few projects were launched in the weak season and the banks started to turn more cautious about the mortgage lending.

Among all property plays with more than US\$200mn market cap, Highwealth (2542.TW - NT\$46.5; Not Rated) is the best performer with an 11% rise in share price. Its outperformance was mainly driven by a big land disposal gain and the market's speculation on the property market in Taichung after Hong Kong business tycoon Richard Lee visited the city in March. On the other hand, Chong Hong (5534.TW - NT\$62.9; 1M) is the weakest stock given its 29% drop in share price. Its slower than expected project launch schedule and the potential dilution of the proposed capital raising were the major drags on the shares.

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## Malaysia – Niche and quality developers to shine

### Outlook for 2007 - Stick to Developers that Tap on Upgrading Demand

We are overweight the property sector and expect ETRs of 11%–30% from our preferred stock picks. There are four companies under our coverage, and we have three Buy ratings (on SP Setia (SETI.KL - RM8.3; 1L), Mah Sing (MAHS.KL - RM5.2; 1L) and E&O Properties) and one Sell rating (MK Land (MKLH.KL - RM1.02; 3M)). Despite stiff competition in the residential segment, we believe that some developers will continue to enjoy strong sales, particularly those with right product mix in well-located areas. In addition, developers with strong brand recognition and a good track record for quality and timely delivery will have an edge as buyers become more discerning given ample choices. For 2007, we think there would be a lot of focus on the state of Johor, which is expected to benefit from the government's plan to develop it as a new growth region. In order to achieve this, the government plans to increase infrastructure spending as well as the announcement of a host of incentives for companies to set up operations in Johor. Listed developers with landbank in Johor include UEM World (UEMW.KL - RM4.12; 1H), SP Setia, Mah Sing, Crescendo (CREC.KL - RM1.67; Not Rated), Daiman (DAIM.KL - RM1.78; Not Rated), KSL (KSLH.KL - RM2.2; Not Rated), IOI Properties (IOIP.KL - RM12.6; Not Rated), etc.

Selective stocks such as Mah Sing could have added catalysts from more land acquisitions in the Klang Valley. Management is actively scouting for niche and fast turnaround landbank that could add to its earnings growth. We believe that more successful land acquisitions could help re-rate the stock further. Our top pick – Mah Sing offers an ETR of 25%

### Other Relevant Topics

#### Outlook for Residential Property – Mixed Outlook

Prospects for the residential property market in Malaysia are mixed. While secular housing demand growth (130,000 units per year) is strong due to positive GDP growth expectations, low unemployment (less than 4% in 2007E), and an increasing population, we forecast moderating take-up rates due to rising competition, especially in the low-medium priced properties (priced below RM150k/unit). Nevertheless, we do not expect a broad-based decline for property prices and believe that any decline will be attributable to a mismatch in demand/supply (such as location or quality).

In our view, good-quality landed properties in prime locations could still enjoy capital appreciation of up to 10%–15%. This view is predicated on low unemployment rates (forecast of 3.4% in 2007E) and GDP growth of 6.0% p.a. in 2007E.

#### Outlook for Commercial Property – Firm Prospects

The outlook for commercial property, particularly in Klang Valley, is firm on strong demand. The overall occupancy of office properties in Malaysia is 80%, but we see areas in Klang Valley where demand outstrips supply. All things considered, we see upside of 5%–10% in rental rates for some prime commercial properties in Kuala Lumpur.

The REIT sector in Malaysia is a beneficiary of the recent 2007 Budget as withholding tax on dividends distributed to foreign institutions was reduced 8pp to 20%. However, this is still higher than Singapore's 10% withholding tax (up to 2010), which makes the Malaysia REIT sector less attractive.

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## Singapore

### Outlook for 2007

We are of the view that we are still in the early phases of a cyclical upswing, and we believe property stock prices are likely to stay higher for longer. We remain Buyers of Wing Tai, Allgreen (AGRN.SI - S\$1.82; 1L) and Keppel Land. During the cyclical upturn in the early to mid-1990s, property developers such as CityDev, DBS Land, and Wing Tai traded at hefty premiums of 15%–50% to RNAVs. Given our view that upside risk remains, we believe property stocks are likely to trade higher in 12 months' time.

Over the next 12 months, developers could trend higher on more positive data points from both the residential and office sectors, with generally positive expected returns, from -12% to 23%. The Singapore residential market is entering into its 6th year of low supply, pointing to risks on the upside for the physical property market which could drive up share prices further.

With the anticipated tightening in the supply situation, we believe more residential sites could be launched on the Government's confirmed list in 2H 07 and in view of the buoyant market, developers are likely to be more active in landbanking and could trigger sites on the reserve list.

Office rentals continue to surge. The current signing rentals at prime grade A office are at S\$12–\$13psf, compared with S\$10psf just a few months back. With net supply likely to be at a negative 600,000 sqft as more buildings will be demolished rather than completed in 2007 versus demand of 2m sqft in the past 2 years and 1.5m sqft per annum on average, landlords are likely to continue to push rental rates up. We have thus revised (from the start of the quarter) our office rental estimates to S\$14.50psf for end-2007 and S\$18psf for end-2008.

With more-subdued inflationary expectations, moderating growth in the U.S. economy, coupled with a benign interest rate environment as seen in falling bond yields (U.S. and Singapore Govt), REITs are likely to remain appealing as an asset class to investors. However, with surge in share prices of REITs in 2006 and thus lower expected yields of 3% to 5%, we see a more moderate return of between -12% to 20% in 2007.

Key sector specific risk to our blue sky outlook would be government interventions. Anti-speculation measures were introduced by the government to clamp down on excessive speculation in the residential market in 1996. However, we do not think the government is likely to do so in the short term given that the sharp price rise has been confined to the luxury end of property market. Also, the proportion of subsale transaction has been relatively low at just 5% compared with over 20% during heydays of 1996.

Our Singapore Strategist is neutral on the property sector from the Singapore Model Portfolio perspective level as we are selective in our stock picks on the sector. While we remain bullish on the physical market, we are less enthusiastic about the larger developers for valuation reasons, we prefer the smaller developers with purer exposure to either the office or residential market.

### Review of 1Q'2007 – Strong Finish to the Quarter, Despite Sharp Correction

The SGX Property Index surged 25.9% in 1Q07, outperforming the Straits Times Index (STI) for the Singapore market as a whole by 16.3%, as the STI was up

8.2% in 1Q07. This was despite the sharp STI correction, along with global and regional bourses at the end of Feb and into early March 2007.

Property stocks under coverage (including REITs) rose an average 20.9% in 1Q07, with developers trading above our 2007 RNAV estimates. Wing Tai (WTHS.SI - S\$3.4; 1L) and Keppel Land (KLAN.SI - S\$8.8; 1L) (our top picks at the start of 2006) were the best performers among developers, delivering more than 37% return in 1Q07. Developers are currently trading at 21.3% premium to our FY07E RNAVs, and 8.3% premium to our FY08E RNAVs. CapitaMall Trust (CMLT.SI - S\$3.7; 2L) was the best performer among the REITs and rose 29.2% during the quarter.

The URA price index showed that prices have risen 3.8% in 4Q06, versus 2.7% in 3Q06 and the rate of increase accelerated for the 6th consecutive quarter in 4Q06 at 3.8%. Price rises in the residential market are no longer confined to the luxury segment. In the past six months, prices have risen 5%–15% for the investment-grade mid and upper mid-tier residential properties. Transaction volumes started to pick up in selected mass-market properties in 4Q06.

A strong employment market with over 100,000 jobs created versus 40,000–50,000 persons entering the labour force per annum and a low unemployment rate of 2.5% have translated to a continued influx of expatriates and hence higher levels of housing demand, with the occupancy rate nearing a 10-year high of 94%. We believe the real occupancy rate for private residential properties has already breached the record high of 94.3% in 1995, if we take into account the number of units affected by enbloc sales. According to Savills, approximately 3,500 units were enbloc in 2006, equivalent to around 1.5% of the total housing stock, implying real occupancy at a record high 95.7%, compared with the reported 93.9% at end-2006.

According to Jones Lang LaSalle, prime grade A office rental rates continued to rise at an accelerated pace in 4Q 2006. Average prime grade A office space rental rose by a hefty 20.7% QoQ to end 2006 at S\$9.60psf and capital values were up 25.9% to S\$1700psf. The current signing rentals at prime grade A office are at S\$12-13psf, compared with S\$10psf just a few months back.

The Singapore REITs price rally carried on into 1Q07 (from the end of 2Q06) on more-subdued inflationary expectations, moderating growth in the U.S. economy, coupled with a benign interest rate environment as seen in falling bond yields (U.S. and Singapore Govt). 2006 saw the listing of 6 new REITs, bringing the total number of REITs listed on SGX to 15 with a combined market cap of S\$22.5b (up 110% from S\$10.7b at end-2005). The new listings have added diversity, offering cross-border exposure (i.e., where the primary assets are outside Singapore) and alternative sectoral exposure (e.g., hospitality sector). We understand that several REITs are in the IPO pipeline to be listed on the Singapore Exchange, with MacArthurCook Industrial Trust the most likely debutante for 2007.



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## Thailand

### Outlook for 2007 — Last ingredient for the rebound is consumer confidence

After the rally in 2H06 pre capital control, Thai property stocks have been at a stagnant stage since the New Year. Some stocks are at their bottom of the trading band. The sector is at 10.7x P/E, a discount to its historical average P/E multiple of 11.5x.

This discount is due to the slowdown in the economy from the slump in consumer confidence caused by the current political turmoil. This doesn't bode well for property developers in Thailand. However, we believe that this chaotic period may be a good time to enter the market. Indeed, other factors are favoring property recovery except the political instability. With oil prices and interest rates coming down, we believe property stocks would rally again should the political cloud move away. There is also talk going on regarding a reduction in specific business and transfer taxes that property companies and home buyers need to pay. This would be positive to the property sector and could trigger a re-rating similar to what happened in 2003 where interest rates stayed low and the government also reduced these taxes.

We expect the condominium segment to perform better than townhouse (TH) and single detached house (SDH) segments. The need to live closer to central business district areas induces strong condo presales even in the quiet 1Q07 period. Leading condo developer, LPN Development (LPN.BK - Bt5.85; 1M), is also among our buy rated stocks.

We are more bullish on the low-end segment and negative on the high-end. We believe the downward trend in interest rates would benefit low-end property the most. The prospective buyers of low-end property are much more reliant on mortgage loans than high-end property buyers. Our top pick in the sector, Preuksa Real Estate (PS.BK - Bt5.6; 1M), coincides with our preferred low-end segment. PS is the leader in the low-end property development segment.

We are also sceptical on the mid-range segment. While it is the biggest segment in the market, competition is the most intense with big players like Land & Houses (LH.BK - Bt7.35; 3L) and Quality Houses (QH.BK - Bt1.32; Not Rated) entering aggressively for the first time.

We are expecting property companies in our coverage to post an average growth of 18.5% this year, growing much more than the flat growth in 2006. Strong backlog, lower interest rate, and lower oil prices are the main reasons.

### Review of 1Q'2007

The Thai property sector was one of the laggards in the first quarter. The property index went down by 4.4%, underperforming the market by 3.6%. The slowed economy and a drop in confidence from many incidents starting from December capital control to the New Year bombing are the main causes. The best performing stock in our coverage this quarter was LPN Development, up by 4.5% helped by strong presales of its newly launched low-end condominium. The worst performing stock was Asian Property (AP.BK - Bt4.66; 2M), down by 6% from the drop in presales post the New Year bombing and lack of new project launch this quarter. However, we believe the inflection point is coming near as interest rates are on a clear downward trend and the government is considering cutting down some property taxes. With valuations at a discount to

historical average P/E, we believe the Thai property sector would start to rally again should confidence pick up.

Figure 27. Global Property Hunter - Asia

Citigroup Investment Research				Price		Total Return, YTD					Earnings Estimates				EV/		
Global Property Hunter		Reuters		04/17/07	Local	USD	Target	Div	Div	2007	2008	Growth		Multiple	EBITDA,		
Company	Ticker	Rating	Country	Local Cur.	Cur.		Price	2007	Yield			2007	2008	2007	2008	2007	
<b>ASIA</b>																	
<b>Covered Companies</b>																	
<b>EPS</b>																	
<b>EV/EBITDA</b>																	
Champion REIT	2778.HK	1L	HngKng	4.50	HKD	19.7	19.2	5.29	0.29	6.3	0.07	0.17	(72.5)	130.0	N/A	26.9	35.7
Cheung Kong	0001.HK	3L	HngKng	103.00	HKD	7.6	7.1	84.19	2.30	2.2	9.94	3.26	45.5	(67.2)	10.4	31.6	9.1
Great Eagle	0041.HK	3L	HngKng	28.45	HKD	27.0	26.5	22.50	0.45	1.6	1.11	1.49	403.4	34.8	25.7	19.1	21.4
Hang Lung Group	0010.HK	1L	HngKng	29.90	HKD	27.0	26.0	29.51	0.57	1.9	1.63	3.04	128.7	86.5	18.3	9.8	9.0
Hang Lung Props	0101.HK	1L	HngKng	23.65	HKD	21.9	20.9	25.88	0.52	2.2	0.95	1.66	116.6	74.0	24.8	14.2	20.7
Henderson Land	0012.HK	1L	HngKng	48.10	HKD	10.6	10.1	55.36	1.10	2.3	2.95	2.77	(7.8)	(6.3)	16.3	17.4	12.6
Hongkong Land	HKLD.SI	3L	HngKng	4.64	USD	16.6	16.6	3.00	0.12	2.6	0.13	0.14	16.1	10.9	35.6	32.1	27.6
Hysan	0014.HK	1L	HngKng	21.50	HKD	5.7	5.2	25.11	0.52	2.4	0.74	0.80	7.8	7.8	29.0	26.9	21.6
Kerry Props	0683.HK	3L	HngKng	41.60	HKD	14.4	14.0	19.75	0.70	1.7	1.48	1.71	3.1	15.8	28.1	24.3	23.4
The Link REIT	0823.HK	1L	HngKng	17.92	HKD	12.0	11.5	18.72	0.67	3.7	1.22	2.12	24.9	74.4	14.7	8.5	20.2
SHK Props	0016.HK	2L	HngKng	93.00	HKD	4.9	3.7	93.00	2.20	2.4	4.28	5.37	(1.3)	25.4	21.7	17.3	18.2
Sino Land	0083.HK	3L	HngKng	17.48	HKD	(3.3)	(4.1)	10.68	0.39	2.2	0.88	0.84	(8.6)	(5.0)	19.8	20.9	17.6
Shimao Property	0813.HK	1M	HngKng	19.02	HKD	30.5	29.9	18.33	0.25	1.3	0.76	1.33	(10.8)	74.7	24.9	14.3	14.7
Swire Pacific	0019.HK	3L	HngKng	92.50	HKD	10.7	10.2	78.00	2.83	3.1	4.30	4.91	(2.1)	14.3	21.5	18.8	11.0
Wharf	0004.HK	1L	HngKng	29.20	HKD	1.6	1.1	31.00	0.80	2.7	2.03	1.82	16.2	(10.6)	14.4	16.1	11.6
Agile Property Holdings	3383.HK	1M	China	8.46	HKD	15.9	15.4	8.50	0.20	2.4	0.58	0.69	49.6	18.5	14.6	12.3	8.7
Beijing Capital Land	2868.HK	1M	China	3.22	HKD	(17.6)	(19.2)	4.82	0.10	3.1	0.42	0.62	861.4	47.8	7.7	5.2	3.9
China Overseas Land & Inv	0688.HK	1L	China	10.78	HKD	3.3	2.8	10.15	0.17	1.6	0.56	0.69	58.5	22.8	19.1	15.6	11.4
China Resources Land	1109.HK	1M	China	9.99	HKD	7.3	6.9	11.33	0.08	0.8	0.32	0.81	67.0	153.0	31.3	12.4	20.9
Greentown China	3900.HK	1M	China	15.72	HKD	8.6	8.1	14.63	0.47	3.0	1.45	1.88	31.5	29.3	10.8	8.4	6.5
Guangzhou Investment	0123.HK	1H	China	2.03	HKD	(7.3)	(7.7)	2.28	0.04	2.0	0.13	0.17	94.8	33.6	15.8	11.8	8.3
Guangzhou R&F Props	2777.HK	1L	China	19.46	HKD	15.8	15.3	19.38	0.40	2.1	1.05	1.60	50.8	53.4	18.6	12.1	11.0
GZI REIT	0405.HK	1L	China	3.13	HKD	2.0	1.5	4.20	0.21	6.6	0.21	0.21	3.7	3.4	15.1	14.6	14.9
Hopson	0754.HK	3H	China	22.60	HKD	2.7	2.3	17.50	0.42	1.9	1.74	2.09	37.9	20.1	13.0	10.8	9.7
New World China Land	0917.HK	1M	China	5.04	HKD	7.2	6.4	6.73	0.07	1.4	0.16	0.26	59.1	57.5	30.7	19.5	22.0
Shenzhen Investment	0604.HK	1L	China	4.61	HKD	42.3	41.7	5.71	0.16	3.5	0.33	0.51	6.7	55.4	14.1	9.1	8.1
Allgreen Properties	AGRN.SI	1L	Singapore	1.82	SGD	38.9	40.8	2.09	0.06	3.3	0.07	0.11	4.7	48.1	25.1	17.0	21.2
Ascendas REIT	AEIM.SI	2L	Singapore	2.44	SGD	(7.4)	(6.6)	2.72	0.13	5.2	0.12	0.13	9.1	10.0	20.7	18.8	20.8
CapitaCommercial Trust	CACT.SI	3L	Singapore	2.75	SGD	5.0	6.4	2.37	0.08	3.0	0.08	0.10	17.2	24.3	35.3	28.4	32.2
CapitaLand	CATL.SI	3L	Singapore	8.55	SGD	37.9	39.8	7.00	0.08	0.9	0.33	0.26	(7.8)	(21.8)	25.7	32.9	27.4
CapitaMall Trust Mgmt	CMLT.SI	2L	Singapore	3.70	SGD	28.3	29.6	3.43	0.13	3.5	0.12	0.13	11.4	8.8	30.3	27.8	28.1
City Developments	CTDM.SI	1L	Singapore	15.50	SGD	22.0	23.7	18.00	0.21	1.3	0.53	0.82	38.8	53.2	29.1	19.0	16.1
Keppel Land	KLAN.SI	1L	Singapore	8.80	SGD	27.5	29.3	10.25	0.06	0.7	0.42	0.50	49.2	18.9	21.1	17.8	18.9
Wing Tai Holdings	WTHS.SI	1L	Singapore	3.40	SGD	49.1	51.1	4.20	0.05	1.5	0.20	0.26	11.5	29.5	17.1	13.2	16.5
Cathay RE Dvlpmnt	2501.TW	1M	Taiwan	19.60	TWD	(16.2)	(17.7)	30.00	0.40	2.1	0.80	1.39	14.5	74.5	24.6	14.1	19.2
Chong Hong Construction	5534.TW	1M	Taiwan	62.90	TWD	(28.7)	(29.9)	104.00	2.86	4.6	8.77	12.35	36.7	40.9	7.2	5.1	10.4
E & O Property Dvlpmnt	EOPD.KL	1M	Malaysia	3.36	MYR	68.0	72.6	3.30	0.12	3.5	0.16	0.21	41.3	31.4	21.3	16.2	14.9
Mah Sing Group	MAHS.KL	1L	Malaysia	5.20	MYR	54.8	59.0	6.40	0.17	3.3	0.39	0.46	11.5	17.4	13.3	11.3	9.1
MK Land	MKLH.KL	3M	Malaysia	1.02	MYR	48.2	51.2	0.49	0.01	0.5	0.02	0.03	(43.6)	34.7	50.6	37.5	23.2
SP Setia	SETI.KL	1L	Malaysia	8.30	MYR	66.7	68.4	8.30	0.33	4.0	0.40	0.48	10.8	19.3	20.7	17.4	15.8
Asian Property Dvlpmnt	AP.BK	2M	Thailand	4.66	THB	(0.4)	7.8	5.10	0.18	3.8	0.45	0.52	30.2	17.3	10.4	8.9	9.4
Land & Houses	LH.BK	3L	Thailand	7.35	THB	14.0	23.3	6.20	0.32	4.4	0.38	0.36	(1.2)	(6.9)	19.2	20.7	16.9
LPN Development PCL	LPN.BK	1M	Thailand	5.85	THB	7.7	13.2	6.50	0.32	5.5	0.65	0.75	25.1	15.8	9.0	7.8	7.1
Preuksa Real Estate	PS.BK	1M	Thailand	5.60	THB	(0.9)	3.7	7.70	0.28	5.0	0.70	0.80	15.3	14.9	8.0	7.0	6.8
<b>Asia Covered Tot/Wghtd Avg.</b>						<b>13.9</b>	<b>13.8</b>		<b>2.2</b>			<b>31.8</b>	<b>16.1</b>	<b>21.0</b>	<b>20.4</b>	<b>16.7</b>	
<b>Asia Covered Straight Avg.</b>						<b>15.9</b>	<b>16.7</b>		<b>2.8</b>			<b>50.3</b>	<b>31.3</b>	<b>20.8</b>	<b>17.2</b>	<b>16.6</b>	
<b>Uncovered Companies</b>																	
<b>EPS</b>																	
<b>EV/EBITDA</b>																	
Kowloon Dev	0034.HK	-	HngKng	14.96	HKD	11.7	11.2	-	0.45	3.0	0.93	1.25	(54.5)	34.7	16.1	12.0	15.1
New World Development	0017.HK	-	HngKng	18.44	HKD	18.7	17.4	-	0.35	1.9	0.64	1.05	(19.6)	65.2	28.9	17.5	24.6
Shui On Land	0272.HK	-	HngKng	6.62	HKD	(2.5)	(2.9)	-	0.08	1.3	0.38	0.49	12.5	29.0	17.5	13.5	8.4
Sun Hung Kai Props	0086.HK	-	HngKng	6.80	HKD	(13.3)	(13.6)	-	0.25	3.7	0.63	0.84	74.6	32.3	10.8	8.1	N/A
Guocoland	GUOC.SI	-	Singapore	4.70	SGD	81.5	83.9	-	0.07	1.4	0.27	0.41	12.3	50.7	17.2	11.4	21.3
Mapletree Logistics Trust	MAPL.SI	-	Singapore	1.33	SGD	13.3	14.3	-	0.06	4.4	0.06	0.06	15.7	8.5	22.5	20.8	22.7
Singapore Land	SLND.SI	-	Singapore	10.80	SGD	25.6	27.3	-	0.17	1.6	0.33	0.40	36.6	20.8	32.5	26.9	36.4
<b>Asia Uncovereds Tot/Wghtd Avg.</b>						<b>18.8</b>	<b>18.7</b>		<b>2.0</b>			<b>0.1</b>	<b>44.1</b>	<b>23.8</b>	<b>16.7</b>	<b>22.1</b>	
<b>Asia Uncovereds Straight Avg.</b>						<b>19.3</b>	<b>19.6</b>		<b>2.5</b>			<b>11.1</b>	<b>34.5</b>	<b>20.8</b>	<b>15.7</b>	<b>21.4</b>	

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

Figure 28. Global Property Hunter – Asia (continued)

Citigroup Reuters Ticker	Investment Country	Research NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight	
<b>ASIA</b>													<b>10.8</b>	<b>100.0</b>	<b>15.0</b>	<b>100.0</b>	
<b>Covered</b>			<b>NAV</b>														
2778.HK	HngKng	5.97	(24.6)	12,342	19,558	36.9	7.81	1,580	2,504	Y	Office	Investor	0.1	1.2	-	-	
0001.HK	HngKng	105.23	(2.1)	238,565	259,804	8.2	7.81	30,540	33,259	N	Diversfd	Dvloper	N/A	N/A	-	-	
0041.HK	HngKng	32.76	(13.2)	17,095	25,108	31.9	7.81	2,188	3,214	Y	Diversfd	Investor	0.2	1.6	-	-	
0010.HK	HngKng	39.35	(24.0)	39,845	46,942	15.1	7.81	5,101	6,009	N	Diversfd	Dvloper	N/A	N/A	-	-	
0101.HK	HngKng	28.75	(17.7)	97,970	101,940	3.9	7.81	12,542	13,050	Y	Diversfd	Dvloper	1.0	9.2	1.7	11.0	
0012.HK	HngKng	69.19	(30.5)	93,438	105,747	11.6	7.81	11,961	13,537	Y	Diversfd	Dvloper	0.9	8.8	1.4	9.0	
HKLD.SI	HngKng	4.60	0.9	10,650	12,607	15.5	1.00	10,650	12,607	N	Office	Investor	N/A	N/A	-	-	
0014.HK	HngKng	35.87	(40.1)	22,686	25,119	9.7	7.81	2,904	3,216	Y	Diversfd	Investor	0.2	2.1	0.3	2.0	
0683.HK	HngKng	26.42	57.5	52,978	66,406	20.2	7.81	6,782	8,501	Y	Diversfd	Dvloper	0.5	5.0	-	-	
0823.HK	HngKng	13.10	36.8	34,511	46,366	25.6	7.81	4,418	5,936	N	Retail	Investor	N/A	N/A	-	-	
0016.HK	HngKng	109.02	(14.7)	231,740	253,429	8.6	7.81	29,666	32,443	N	Diversfd	Dvloper	N/A	N/A	-	-	
0083.HK	HngKng	13.35	30.9	80,661	96,804	16.7	7.81	10,326	12,392	Y	Diversfd	Dvloper	0.8	7.6	-	-	
0813.HK	HngKng	18.33	3.8	58,294	60,394	3.5	7.81	7,463	7,731	Y	Diversfd	Dvloper	0.6	5.5	0.8	5.0	
0019.hk	HngKng	104.37	(11.4)	86,060	98,043	12.2	7.81	11,017	12,551	N	Diversfd	Investor	N/A	N/A	-	-	
0004.HK	HngKng	44.67	(34.6)	71,478	88,379	19.1	7.81	9,150	11,314	N	Diversfd	Dvlpr/Inv	N/A	N/A	-	-	
3383.HK	China	8.50	(0.5)	31,688	30,378	-	7.81	4,057	3,889	Y	Diversfd	Dvloper	0.3	3.0	0.8	5.0	
2868.HK	China	4.82	(33.2)	6,530	9,421	30.7	7.81	836	1,206	N	Diversfd	Dvloper	N/A	N/A	-	-	
0688.HK	China	10.15	6.2	76,595	81,879	6.5	7.81	9,805	10,482	Y	Diversfd	Dvloper	0.8	7.2	2.3	15.0	
1109.HK	China	11.33	(11.8)	33,340	39,574	15.8	7.81	4,268	5,066	Y	Diversfd	Dvloper	0.3	3.1	0.6	4.0	
3900.HK	China	14.63	7.5	21,637	23,878	9.4	7.81	2,770	3,057	N	Residntl	Dvloper	N/A	N/A	-	-	
0123.HK	China	3.25	(37.5)	13,831	16,731	17.3	7.81	1,771	2,142	N	Diversfd	Investor	N/A	N/A	-	-	
2777.HK	China	19.38	0.4	62,707	68,605	8.6	7.81	8,027	8,782	N	Diversfd	Dvloper	N/A	N/A	-	-	
0405.HK	China	3.28	(4.6)	3,130	4,312	27.4	7.81	401	552	N	Diversfd	Dvloper	N/A	N/A	-	-	
0754.HK	China	22.03	2.6	29,077	35,171	17.3	7.81	3,722	4,502	Y	Diversfd	Dvloper	0.3	2.7	-	-	
0917.HK	China	9.62	(47.6)	19,301	23,237	16.9	7.81	2,471	2,975	Y	Diversfd	Dvloper	0.2	1.8	0.5	3.0	
0604.HK	China	6.35	(27.4)	13,007	16,179	19.6	7.81	1,665	2,071	Y	Diversfd	Dvloper	0.1	1.2	0.3	2.0	
AGRN.SI	Singapore	1.62	12.3	2,894	3,360	13.9	1.51	1,912	2,220	Y	Diversfd	Dvloper	0.2	1.4	1.4	9.0	
AEMN.SI	Singapore	1.56	56.5	2,837	3,803	25.4	1.51	1,874	2,512	Y	Indstrl	Investor	0.1	1.4	-	-	
CACT.SI	Singapore	1.72	60.1	3,803	4,977	23.6	1.51	2,512	3,288	Y	Office	Investor	0.2	1.8	-	-	
CATL.SI	Singapore	5.72	49.4	23,902	29,347	18.6	1.51	15,790	19,387	Y	Diversfd	Dvloper	1.3	11.6	-	-	
CMLT.SI	Singapore	2.22	66.5	5,777	7,164	19.4	1.51	3,817	4,733	Y	Retail	Investor	0.3	2.8	1.2	8.0	
CTDM.SI	Singapore	13.31	16.5	14,094	16,666	15.4	1.51	9,311	11,010	N	Diversfd	Dvloper	N/A	N/A	-	-	
KLAN.SI	Singapore	8.07	9.0	6,331	8,301	23.7	1.51	4,182	5,484	Y	Diversfd	Dvloper	0.3	3.1	0.9	6.0	
WTHS.SI	Singapore	3.15	7.9	2,446	3,484	29.8	1.51	1,616	2,302	Y	Diversfd	Dvloper	0.1	1.2	0.8	5.0	
2501.TW	Taiwan	N/A	N/A	32,468	28,355	-	33.16	979	855	N	Residntl	Dvloper	N/A	N/A	0.1	0.5	
5534.TW	Taiwan	N/A	N/A	9,196	15,246	39.7	33.16	277	460	N	Diversfd	Dvloper	N/A	N/A	0.1	0.5	
EOPD.KL	Malaysia	N/A	N/A	2,196	2,606	15.7	3.44	639	758	N	Diversfd	Dvloper	N/A	N/A	-	-	
MAHS.KL	Malaysia	N/A	N/A	932	1,036	10.1	3.44	271	302	N	Residntl	Dvloper	N/A	N/A	0.4	2.5	
MKLH.KL	Malaysia	N/A	N/A	1,231	1,542	20.2	3.44	358	449	N	Diversfd	Dvloper	N/A	N/A	-	-	
SETI.KL	Malaysia	7.50	10.7	5,583	5,866	4.8	3.44	1,625	1,707	N	Diversfd	Dvloper	N/A	N/A	-	-	
AP.BK	Thailand	3.17	47.0	10,712	13,835	22.6	32.75	327	422	N	Diversfd	Dvloper	N/A	N/A	-	-	
LH.BK	Thailand	3.63	N/A	63,642	76,758	17.1	32.75	1,943	2,344	N	Diversfd	Dvloper	N/A	N/A	-	-	
LPN.BK	Thailand	2.63	N/A	8,633	9,629	10.4	32.75	264	294	N	Diversfd	Dvloper	N/A	N/A	-	-	
PS.BK	Thailand	5.62	(0.4)	12,174	12,755	4.6	32.75	372	389	N	Diversfd	Dvloper	N/A	N/A	0.4	2.5	
<b>Asia Covereds Tot/Wgghtd Avg.</b>				<b>1.8</b>	<b>490,911</b>	<b>567,648</b>	<b>13.0</b>	<b>85,725</b>	<b>102,348</b>				<b>9.1</b>	<b>84.6</b>	<b>15.0</b>	<b>100.0</b>	
<b>Asia Covereds Straight Avg.</b>				<b>3.4</b>			<b>16.6</b>										
<b>Uncovered</b>			<b>NAV</b>														
0034.HK	HngKng	-	-	16,787	20,816	19.4	7.81	2,149	2,665	Y	Diversfd	Dvloper	0.2	1.6	-	-	
0017.HK	HngKng	-	-	65,786	103,942	36.7	7.81	8,422	13,306	Y	Diversfd	Dvloper	0.7	6.2	-	-	
0272.HK	HngKng	-	-	26,617	29,765	10.6	7.81	3,407	3,810	Y	Diversfd	Dvloper	0.3	2.5	-	-	
0086.HK	HngKng	-	-	9,992	9,892	-	7.81	1,279	1,266	Y	Diversfd	Dvloper	0.1	0.9	-	-	
GUOC.SI	Singapore	-	-	2,802	3,755	25.4	1.51	1,851	2,481	Y	Diversfd	Dvloper	0.1	1.4	-	-	
MAPL.SI	Singapore	-	-	1,485	2,257	34.2	1.51	981	1,491	Y	Indstrl	Dvloper	0.1	0.7	-	-	
SLND.SI	Singapore	-	-	4,467	5,003	10.7	1.51	2,951	3,305	Y	Office	Dvloper	0.2	2.2	-	-	
<b>Asia Uncovereds Tot/Wgghtd Avg.</b>					<b>127,937</b>	<b>175,430</b>	<b>23.7</b>	<b>21,040</b>	<b>28,324</b>				<b>1.7</b>	<b>15.4</b>			
<b>Asia Uncovereds Straight Avg.</b>							<b>19.6</b>										

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

Figure 29. Global Property Hunter - Japan

Citigroup Investment Research Global Property Hunter Company	Reuters Ticker	Rating	Country	Price		Total Return, YTD			Div 2007	Div Yield	Earnings Estimates				EV/ EBITDA, 2007					
				04/17/07	Local	USD	Target	Growth			Multiple									
				Local Cur.	Cur.		Price	2007			2008	2007	2008							
<b>JAPAN</b>																				
<b>Covered Companies - REITs</b>																				
<b>FFO</b>																				
Frontier REIT	8964.T	1L	Japan	1,190,000	JPY	4.4	4.5	1,390,000	34,700	2.9	49,796	52,509	7.7	5.4	23.9	22.7	23.7			
Fukuo REIT	8968.T	1L	Japan	1,110,000	JPY	27.1	25.3	1,180,000	18,533	1.7	49,416	49,831	5.4	0.8	22.5	22.3	25.0			
Japan Prime Realty	8955.T	1L	Japan	516,000	JPY	19.4	19.5	540,000	13,600	2.6	19,226	20,495	(0.5)	6.6	26.8	25.2	30.4			
Japan REIT	8952.T	1L	Japan	1,530,000	JPY	20.9	19.6	1,680,000	35,202	2.3	47,910	50,404	6.0	5.2	31.9	30.4	37.0			
Japan Retail Fund	8953.T	1L	Japan	1,160,000	JPY	21.2	19.7	1,180,000	31,600	2.7	14,828	15,346	1.5	3.5	N/A	N/A	22.0			
MORI TRUST Sogo Reit Inc	8961.T	1L	Japan	1,520,000	JPY	37.3	35.8	1,650,000	41,368	2.7	50,386	50,033	3.3	(0.7)	30.2	30.4	32.6			
Nippon Building Fund Inc	8951.T	1L	Japan	1,850,000	JPY	17.1	17.2	2,110,000	39,100	2.1	58,916	59,732	2.7	1.4	31.4	31.0	33.6			
Nomura Real Estate Office	8959.T	2L	Japan	1,440,000	JPY	32.1	32.2	1,500,000	33,134	2.3	45,779	49,070	5.3	7.2	31.5	29.3	30.1			
ORIX JREIT Inc	8954.T	2L	Japan	1,050,000	JPY	33.6	31.9	850,000	28,668	2.7	42,015	40,114	(2.8)	(4.5)	25.0	26.2	28.1			
Premier Investment Co	8956.T	1L	Japan	1,020,000	JPY	34.6	34.7	870,000	30,828	3.0	42,367	44,415	(2.3)	4.8	24.1	23.0	25.5			
Tokyu REIT Inc	8957.T	1L	Japan	1,260,000	JPY	22.5	21.3	1,370,000	30,264	2.4	42,131	42,100	(9.6)	(0.1)	29.9	29.9	30.5			
United Urban	8960.T	1L	Japan	977,000	JPY	24.9	25.0	910,000	34,308	3.5	49,961	48,196	4.2	(3.5)	19.6	20.3	22.7			
<b>FFO Multiple Weighted Avg.</b>													<b>29.1</b>	<b>28.4</b>						
<b>Covered Companies - Developers</b>																				
<b>EPS</b>																				
LAND Co Ltd	8918.Q	1H	Japan	200,000	JPY	6.3	4.8	330,000	3,419	1.7	19,014	25,143	71.1	32.2	10.5	8.0	7.5			
Mitsubishi Estate Co Ltd	8802.T	1M	Japan	3,600	JPY	17.1	17.0	4,100	12	0.3	62	66	6.6	6.2	57.9	54.5	26.0			
Mitsui Fudosan Co Ltd	8801.T	1M	Japan	3,340	JPY	15.1	15.1	4,100	10	0.3	96	108	20.9	12.9	34.9	30.9	19.2			
NTT Urban Development	8933.T	1M	Japan	270,000	JPY	17.6	17.5	295,000	1,000	0.4	4,073	4,481	8.6	10.0	N/A	N/A	23.3			
Sumitomo Realty & Dvlpmt	8830.T	1M	Japan	4,210	JPY	10.4	10.3	5,200	12	0.3	133	154	36.0	15.5	31.7	27.4	18.7			
Tosel Corp	8923.T	1H	Japan	108,000	JPY	(21.2)	(21.1)	190,000	1,417	1.3	10,265	12,242	36.8	19.3	10.5	8.8	8.4			
<b>EPS Multiple Weighted Avg.</b>													<b>45.5</b>	<b>41.8</b>						
<b>Japan Covered Tot/Wghtd Avg.</b>													<b>17.3</b>	<b>17.0</b>	<b>0.9</b>	<b>12.7</b>	<b>8.2</b>	<b>N/A</b>	<b>N/A</b>	<b>24.6</b>
<b>Japan Covered Straight Avg.</b>													<b>18.9</b>	<b>18.3</b>	<b>2.0</b>	<b>11.2</b>	<b>6.8</b>	<b>N/A</b>	<b>N/A</b>	<b>24.7</b>
<b>Uncovered Companies</b>																				
<b>EPS</b>																				
Aeon MallCo Ltd	8905.T	-	Japan	3,860	JPY	15.3	15.0	-	14	0.4	200	146	N/A	(27.1)	19.3	26.5	16.4			
Daibiru Corp	8806.T	-	Japan	1,670	JPY	30.2	30.0	-	9	0.5	44	40	13.2	(7.8)	38.3	41.5	15.4			
Daikyo	8840.T	-	Japan	596	JPY	(1.8)	(2.2)	-	0	0.0	72	104	(19.0)	44.7	8.3	5.7	11.7			
Diamond City	8853.T	-	Japan	3,030	JPY	13.6	13.4	-	15	0.5	N/A	154	N/A	N/A	N/A	19.7	13.0			
Goldcrest	8871.T	-	Japan	6,010	JPY	(1.7)	(2.0)	-	56	0.9	380	416	(10.5)	9.6	15.8	14.4	13.1			
Heiwa Real Estate	8803.T	-	Japan	787	JPY	17.5	16.9	-	10	1.3	31	34	22.1	11.3	25.5	22.9	16.1			
Kenedix Realty Investment	8972.T	-	Japan	880,000	JPY	28.1	28.2	-	27,707	3.1	N/A	N/A	N/A	N/A	N/A	N/A	28.2			
Nippon Commercial	3229.T	-	Japan	593,000	JPY	23.6	21.9	-	18,611	3.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Shoei	3003.T	-	Japan	3,160	JPY	(4.0)	(3.9)	-	42	1.3	176	200	19.9	13.6	17.9	15.8	21.3			
Toc	8841.T	-	Japan	935	JPY	56.3	56.0	-	6	0.6	19	21	(9.3)	10.2	50.3	45.6	17.1			
Tokyo Tatemono	8804.T	-	Japan	1,608	JPY	21.3	21.4	-	14	0.9	66	74	20.0	12.0	24.4	21.8	18.9			
Tokyo Land	8815.T	-	Japan	1,278	JPY	14.3	14.0	-	5	0.4	58	62	N/A	6.5	22.0	20.6	11.3			
<b>Japan Uncovered Tot/Wghtd Avg.</b>													<b>16.6</b>	<b>16.2</b>	<b>0.8</b>	<b>7.1</b>	<b>4.5</b>	<b>23.0</b>	<b>22.6</b>	<b>15.5</b>
<b>Japan Uncovered Straight Avg.</b>													<b>17.7</b>	<b>17.4</b>	<b>1.1</b>	<b>5.2</b>	<b>8.1</b>	<b>24.6</b>	<b>23.5</b>	<b>16.6</b>
<b>Other Uncovered Property Companies</b>																				
<b>EPS</b>																				
Able	8872.Q	-	Japan	2,015	JPY	(22.7)	(25.4)	-	12	0.6	106	131	N/A	23.2	19.0	15.4	N/A			
Aeon Delight	9787.T	-	Japan	3,340	JPY	27.5	26.9	-	20	0.6	126	174	(8.1)	38.5	26.6	19.2	11.3			
Apanamshop Network	8889.OJ	-	Japan	42,150	JPY	(17.5)	(17.5)	-	1,500	3.6	2,914	3,399	49.7	16.7	14.5	12.4	22.5			
Ardepro	8925.T	-	Japan	41,600	JPY	7.0	6.3	-	560	1.3	2,024	3,065	(61.2)	51.4	20.6	13.6	13.9			
Arealink	8814.T	-	Japan	90,900	JPY	32.3	32.4	-	258	0.3	3,226	4,536	52.4	40.6	28.2	20.0	17.5			
Arnest	8895.T	-	Japan	1,465	JPY	(16.4)	(17.2)	-	23	1.5	N/A	N/A	N/A	N/A	N/A	N/A	9.4			
Asset Managers	2337.OJ	-	Japan	171,000	JPY	(26.8)	(27.5)	-	3,000	1.8	17,539	18,859	7.2	7.5	9.7	9.1	12.7			
Atrium	8993.T	-	Japan	3,230	JPY	(3.2)	(4.4)	-	35	1.1	161	170	3.1	5.7	20.0	19.0	17.7			
Cosmos Initia	8844.Q	-	Japan	760	JPY	26.9	25.7	-	8	1.0	109	126	N/A	15.5	7.0	6.0	8.7			
Creed	8888.T	-	Japan	337,000	JPY	(18.0)	(17.9)	-	2,000	0.6	26,683	29,647	9.2	11.1	12.6	11.4	13.0			
C'S Create	8921.T	-	Japan	63,500	JPY	(3.9)	(5.7)	-	920	1.4	6,270	7,250	55.3	15.6	10.1	8.8	10.8			
Davinci Advisors	4314.OJ	-	Japan	113,000	JPY	(4.2)	(4.2)	-	0	0.0	7,151	10,024	23.1	40.2	15.8	11.3	21.7			
Dynacity	8901.Q	-	Japan	10,950	JPY	(11.0)	(13.6)	-	683	6.2	1,054	1,245	N/A	18.2	10.4	8.8	5.6			
Hoosiers	8907.T	-	Japan	75,700	JPY	(47.8)	(48.1)	-	853	1.1	9,291	11,346	(65.2)	22.1	8.1	6.7	11.7			
Intellex	8940.Q	-	Japan	263,000	JPY	(0.8)	(0.7)	-	4,750	1.8	18,494	22,095	98.8	19.5	14.2	11.9	18.1			
Joint Corporation	8874.T	-	Japan	4,020	JPY	(12.0)	(12.2)	-	25	0.6	301	303	13.7	0.8	13.4	13.2	16.2			
Keihanshin Real Estate	8818.T	-	Japan	855	JPY	13.5	13.0	-	10	1.2	55	44	20.3	(20.0)	15.7	19.6	10.5			
Land Business	8844.T	-	Japan	96,200	JPY	(36.3)	(36.2)	-	2,100	2.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Leopalace21	8848.T	-	Japan	3,780	JPY	0.4	(0.4)	-	63	1.7	263	282	N/A	7.1	14.4	13.4	12.1			
Meiho Enterprise	8927.Q	-	Japan	1,450	JPY	(9.0)	(9.0)	-	20	1.4	167	216	21.2	29.4	8.7	6.7	35.6			
Meiwa Real Estate	8869.T	-	Japan	1,736	JPY	(3.5)	(5.1)	-	30	1.7	181	208	N/A	14.9	9.6	8.4	13.3			
Nihon Housing	4781.T	-	Japan	752	JPY	(4.6)	(5.3)	-	13	1.7	68	95	N/A	40.1	11.0	7.9	17.1			
Nihon-Eslead	8877.T	-	Japan	2,855	JPY	(20.7)	(21.1)	-	30	1.1	213	233	10.0	9.1	13.4	12.3	14.1			
Nippon Kanzai	9728.T	-	Japan	3,210	JPY	4.7	4.3	-	35	1.1	126	131	(16.1)	3.8	25.4	24.5	10.2			
Nissin Fudosan	8881.T	-	Japan	1,458	JPY	(10.5)	(11.3)	-	15	1.0	156	164	48.1	4.9	9.4	8.9	6.8			
Nomura Real Estate Hldgs	3231.T	-	Japan	3,990	JPY	2.0	1.6	-	20	0.5	171	188	7.1	9.8	23.4	21.3	N/A			
Pacific Management	8902.T	-	Japan	236,000	JPY	(9.6)	(9.5)	-	1,780	0.8	17,512	19,442	7.5	11.0	13.5	12.1	12.1			
Ryowa Life Create	8896.T	-	Japan	939	JPY	1.4	(0.4)	-	18	1.9	160	89	N/A	(44.0)	5.9	10.5	3.9			
Sankei Bldg	8809.T	-	Japan	1,066	JPY	2.2	1.8	-	10	0.9	28	38	90.4	37.1	38.3	28.0	14.8			
Secured Capital Japan	2392.T	-	Japan	294,000	JPY	(10.6)	(10.6)	-	1,500	0.5	20,996	27,171	27.4	29.4	14.0	10.8	13.1			
Shin-Nihon Tatemono	8893.Q	-	Japan	746	JPY	19.7	16.7	-	18	2.3	67	84	(2.8)	24.9	11.1	8.9	15.1			
Starts	8850.Q	-	Japan	685	JPY	(10.6)	(11.2)	-	8	1.1	55	75	(36.9)	35.9	12.4	9.1	7.6			
Sumitomo Real Estate Sales	8870.T	-	Japan	9,140	JPY	1.4	1.1	-	80	0.9	367	479	32.9	30.5	24.9	19.1	15.5			
Sun Frontier Fudosan	8934.Q	-	Japan	274,000	JPY	(7.7)	(8.0)													

Figure 30. Global Property Hunter - Japan (continued)

Citigroup Investment Research	Reuters	Country	NAV/Share	Prem/(Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight										
<b>JAPAN</b>														<b>13.7</b>	<b>100.0</b>	<b>15.0</b>	<b>100.0</b>										
<b>Covered - REITs</b>																											
<b>NAV</b>																											
8964.T	Japan		727,000	63.7	131,376	130,993	-	118.9	1,105	1,101	N	Retail	Investor	N/A	N/A	-	-										
8968.T	Japan		640,030	73.4	118,826	152,793	22.2	118.9	999	1,285	N	Retail	Investor	N/A	N/A	-	-										
8955.T	Japan		328,000	57.3	322,500	407,315	20.8	118.9	2,712	3,425	Y	Diversfd	Investor	0.3	1.8	0.3	2.0										
8952.T	Japan		846,151	80.8	627,300	806,315	22.2	118.9	5,275	6,780	Y	Office	Investor	0.5	3.6	0.6	4.0										
8953.T	Japan		777,981	49.1	430,096	490,464	12.3	118.9	3,616	4,124	Y	Retail	Investor	0.3	2.4	0.2	1.0										
8961.T	Japan		674,548	N/A	243,200	287,212	15.3	118.9	2,045	2,415	Y	Diversfd	Investor	0.2	1.4	-	-										
8951.T	Japan		1,063,000	74.0	939,800	1,142,169	17.7	118.9	7,902	9,604	Y	Office	Investor	0.7	5.3	1.4	9.0										
8959.T	Japan		806,288	78.6	382,900	461,031	16.9	118.9	3,220	3,876	Y	Diversfd	Investor	0.3	2.2	-	-										
8954.T	Japan		625,918	67.8	236,641	313,147	24.4	118.9	1,990	2,633	Y	Diversfd	Investor	0.2	1.3	-	-										
8956.T	Japan		680,082	50.0	103,428	138,295	25.2	118.9	870	1,163	Y	Diversfd	Investor	0.1	0.6	0.3	2.0										
8957.T	Japan		864,773	45.7	213,419	252,976	15.6	118.9	1,794	2,127	Y	Diversfd	Investor	0.2	1.2	0.8	5.0										
8960.T	Japan		683,803	42.9	156,167	205,751	24.1	118.9	1,313	1,730	Y	Diversfd	Investor	0.1	0.9	0.3	2.0										
														<b>2.8</b>	<b>20.8</b>	<b>3.8</b>	<b>25.0</b>										
<b>Covered - Dvlprs</b>																											
<b>NAV</b>																											
8918.Q	Japan		N/A	N/A	37,801	60,352	37.4	118.9	318	507	N	Diversfd	Dvloper	N/A	N/A	-	-										
8802.T	Japan		3,421	5.2	4,970,788	5,811,652	14.5	118.9	41,796	48,866	Y	Diversfd	Dvloper	3.9	28.3	5.3	35.0										
8801.T	Japan		3,428	(2.6)	2,937,557	4,073,953	27.9	118.9	24,700	34,255	Y	Diversfd	Dvloper	2.3	16.7	3.0	20.0										
8933.T	Japan		292,288	(7.6)	888,624	1,138,040	21.9	118.9	7,472	9,569	Y	Diversfd	Dvloper	0.7	5.1	1.1	7.0										
8830.T	Japan		4,178	0.8	1,999,301	3,149,479	36.5	118.9	16,811	26,482	Y	Diversfd	Dvloper	1.6	11.4	2.0	13.0										
8923.T	Japan		N/A	N/A	40,699	72,602	43.9	118.9	342	610	N	Diversfd	Dvloper	N/A	N/A	-	-										
														<b>8.4</b>	<b>61.4</b>	<b>11.3</b>	<b>75.0</b>										
<b>Japan Covered TotlWghtd Avg.</b>														<b>17.8</b>	<b>14,780,421</b>	<b>19,094,539</b>	<b>21.7</b>	<b>124,278</b>	<b>160,553</b>								
<b>Japan Uncovered Straight Avg.</b>														<b>45.3</b>													
<b>Uncovered</b>																											
<b>NAV</b>																											
8905.T	Japan		-	-	459,142	537,196	14.5	118.9	3,861	4,517	Y	Retail	Dvloper	0.4	2.6	-	-										
8806.T	Japan		-	-	194,819	284,435	31.5	118.9	1,638	2,392	Y	Office	Dvloper	0.2	1.1	-	-										
8840.T	Japan		-	-	198,626	419,101	52.6	118.9	1,670	3,524	Y	Residntl	Dvloper	0.2	1.1	-	-										
8853.T	Japan		-	-	225,873	232,649	2.9	118.9	1,899	1,956	Y	Retail	Dvloper	0.2	1.3	-	-										
8871.T	Japan		-	-	217,493	289,266	24.8	118.9	1,829	2,432	Y	Residntl	Dvloper	0.2	1.2	-	-										
8803.T	Japan		-	-	114,874	232,046	50.5	118.9	966	1,951	Y	Diversfd	Dvloper	0.1	0.7	-	-										
8972.T	Japan		-	-	132,726	189,798	30.1	118.9	1,116	1,596	Y	Diversfd	Investor	0.1	0.8	-	-										
3229.T	Japan		-	-	157,014	N/A	N/A	118.9	1,320	N/A	Y	Diversfd	Investor	0.1	0.9	-	-										
3003.T	Japan		-	-	118,862	213,951	44.4	118.9	999	1,799	Y	Diversfd	Dvloper	0.1	0.7	-	-										
8841.T	Japan		-	-	125,429	149,260	16.0	118.9	1,055	1,255	Y	Diversfd	Dvloper	0.1	0.7	-	-										
8804.T	Japan		-	-	512,147	824,557	37.9	118.9	4,306	6,933	Y	Diversfd	Dvloper	0.4	2.9	-	-										
8815.T	Japan		-	-	685,194	1,068,903	35.9	118.9	5,761	8,988	Y	Diversfd	Dvloper	0.5	3.9	-	-										
<b>Japan Uncovereds TotlWghtd Avg.</b>														<b>45.3</b>	<b>14,780,421</b>	<b>19,094,539</b>	<b>21.7</b>	<b>124,278</b>	<b>160,553</b>	<b>8.4</b>	<b>61.4</b>	<b>11.3</b>	<b>75.0</b>				
<b>Japan Uncovereds Straight Avg.</b>														<b>45.3</b>													
<b>Other Uncovered</b>																											
<b>NAV</b>																											
8872.Q	Japan		-	-	29,792	N/A	N/A	118.9	250	N/A	N	Residntl	N/A	N/A	N/A	-	-										
9787.T	Japan		-	-	66,251	N/A	N/A	118.9	557	N/A	N	Diversfd	N/A	N/A	N/A	-	-										
8889.OJ	Japan		-	-	43,046	78,343	45.1	118.9	362	659	N	Diversfd	N/A	N/A	N/A	-	-										
8925.T	Japan		-	-	145,928	160,521	9.1	118.9	1,227	1,350	N	Residntl	N/A	N/A	N/A	-	-										
8914.T	Japan		-	-	86,266	94,030	8.3	118.9	725	791	N	Diversfd	N/A	N/A	N/A	-	-										
8895.T	Japan		-	-	92,038	137,137	32.9	118.9	774	1,153	N	Residntl	N/A	N/A	N/A	-	-										
2337.OJ	Japan		-	-	90,015	221,438	59.3	118.9	757	1,862	N	Diversfd	N/A	N/A	N/A	-	-										
8993.T	Japan		-	-	146,740	258,262	43.2	118.9	1,234	2,172	N	Residntl	N/A	N/A	N/A	-	-										
8844.Q	Japan		-	-	97,374	240,515	59.5	118.9	819	2,022	N	Diversfd	N/A	N/A	N/A	-	-										
8888.T	Japan		-	-	59,112	141,277	58.2	118.9	497	1,188	N	Diversfd	N/A	N/A	N/A	-	-										
8921.T	Japan		-	-	16,735	28,616	41.5	118.9	141	241	N	Diversfd	N/A	N/A	N/A	-	-										
4314.OJ	Japan		-	-	170,693	945,641	81.9	118.9	1,435	7,951	N	Diversfd	N/A	N/A	N/A	-	-										
8901.Q	Japan		-	-	23,615	49,355	52.2	118.9	199	415	N	Residntl	N/A	N/A	N/A	-	-										
8907.T	Japan		-	-	25,620	54,058	52.6	118.9	215	455	N	Residntl	N/A	N/A	N/A	-	-										
8940.Q	Japan		-	-	16,310	47,626	65.8	118.9	137	400	N	Residntl	N/A	N/A	N/A	-	-										
8874.T	Japan		-	-	175,477	310,594	43.5	118.9	1,475	2,612	N	Residntl	N/A	N/A	N/A	-	-										
8818.T	Japan		-	-	38,629	64,897	40.5	118.9	325	546	N	Office	N/A	N/A	N/A	-	-										
8944.T	Japan		-	-	26,728	50,516	47.1	118.9	225	425	N	Diversfd	N/A	N/A	N/A	-	-										
8848.T	Japan		-	-	598,795	634,722	5.7	118.9	5,035	5,337	N	Residntl	N/A	N/A	N/A	-	-										
8927.Q	Japan		-	-	12,370	77,810	84.1	118.9	104	654	N	Residntl	N/A	N/A	N/A	-	-										
8869.T	Japan		-	-	44,860	98,243	54.3	118.9	377	826	N	Residntl	N/A	N/A	N/A	-	-										
4781.T	Japan		-	-	11,854	28,330	58.2	118.9	100	238	N	Residntl	N/A	N/A	N/A	-	-										
8877.T	Japan		-	-	43,455	44,324	2.0	118.9	365	373	N	Residntl	N/A	N/A	N/A	-	-										
9728.T	Japan		-	-	66,144	58,868	-	118.9	556	495	N	Residntl	N/A	N/A	N/A	-	-										
8881.T	Japan		-	-	35,100	31,590	-	118.9	295	266	N	Residntl	N/A	N/A	N/A	-	-										
3231.T	Japan		-	-	586,234	979,011	40.1	118.9	4,929	8,232	N	Diversfd	N/A	N/A	N/A	-	-										
8902.T	Japan		-	-	164,274	284,195	42.2	118.9	1,381	2,390	N	Diversfd	N/A	N/A	N/A	-	-										
8896.T	Japan		-	-	44,071	74,921	41.2	118.9	371	630	N	Residntl	N/A	N/A	N/A	-	-										
8809.T	Japan		-	-	74,384	111,576	33.3	118.9	625	938	N	Diversfd	N/A	N/A	N/A	-	-										
2392.T	Japan		-	-	34,758	39,276	11.5	118.9	292	330	N	Diversfd	N/A	N/A	N/A	-	-										
8893.Q	Japan		-	-	24,666	62,158	60.3	118.9	207	523	N	Residntl	N/A	N/A	N/A	-	-										
8850.Q	Japan		-	-	33,521	66,372	49.5	118.9	282	558	N	Residntl	N/A	N/A	N/A	-	-										
8870.T	Japan		-	-	251,511	264,087	4.8	118.9	2,115	2,221	N	Residntl	N/A	N/A	N/A	-	-										
8934.Q	Japan		-	-	94,995	106,394	10.7	118.9	799	895	N	Diversfd	N/A	N/A	N/A	-	-										
8910.T	Japan		-	-	40,120	40,521	1.0	118.9	337	341	N	Diversfd	N/A	N/A	N/A	-	-										
8821.T	Japan		-	-	70,085	54,667	-	118.9	589	460	N	Diversfd	N/A	N/A	N/A	-	-										
8897.T	Japan		-	-	27,583	56,821	51.5	118.9	232	478	N	Residntl	N/A	N/A	N/A	-	-										
8878.T	Japan		-	-	95,999	193,918	50.5	118.9	807	1,631	N	Residntl	N/A	N/A	N/A	-	-										
8833.T	Japan		-	-	47,132	51,374	8.3	118.9	396	432	N	Diversfd	N/A	N/A	N/A	-	-										
4711.T	Japan																										

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## Regional Focus- Australia and New Zealand

### Australia

#### Outlook for 2007

Our total return expectations for the remainder of 2007, given the sector's 1Q CY2007 performance, suggests that the sector's most likely total return performance will be 10%–15%.

On that basis, it is unlikely that general equities investors will feel convinced to go overweight REITs and therefore the buyer profile will most likely be domestic and global REIT investors.

In terms of operational fundamentals, the general economy, with the exception of the NSW housing market, would look to be reasonably sound from the perspective of supply/demand fundamentals, operating environment and corporate profitability.

The various housing markets will most likely produce a mixed result in terms of EBIT margins and sales volumes, but our forecasts assume a late 2008 recovery in Australia's largest residential market-NSW although this could be delayed if the Central Bank (RBA) increases the cash rate during 2007.

The inflows from pension savings plans has been viewed as a positive for the various funds management platforms operating across the REIT landscape, although product type generally dictates the ultimate target market.

The FUM focus has been more on execution of product sell-down and less focus on signs of fee pressure. The spread of demand ranging from residential development products through to core investment portfolios would seem to remain intact, although any increase in the cash rate would be a negative for residential development fund products from both a debt funding and end-user perspective.

We would expect that some further cap rate compression primarily as a result of lagged cap rates 'washing through' in the 2QCY2007, but the amount in terms of dollar value is not expected to be as significant as seen in previous periods.

IPO activity is expected to be modest in terms of the size of IPOs and the number of transactions. Most recently, IPO product has been sourced from the Japanese market where debt/yield spreads remain attractive and we would expect more IPO product to be sourced from this market.

#### Review of 1Q'2007

The XPJ was down -2.5% on a total return basis for the March quarter. The spread of individual stock returns showed that the market was relatively indiscriminate with regard to large/small cap stocks and specific sub-sectors.

Notable outperformers for the quarter were: Valad Property Group (VPG.AX - A\$2.11; 1M) (+28.7%) and Multiplex Group (MXG.AX - A\$4.66; 2H) (+12%). Several large cap stocks significantly underperformed including General Property Group (-10.5%), Macquarie Goodman Group (MGQ.AX - A\$7.28; 2M) (-6.9%) and Centro Properties Group (CNP.AX - A\$9.42; 2M) (-4.3%).

Westfield Group (WDC.AX - A\$20.93; 1M) one of our top picks marginally outperformed over the quarter (+0.48%).

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The sector's raising of \$2.6bn of equity in February was an unprecedented level of equity raising that has partly contributed to the sector's underperformance over the quarter. The expectation of a further rate rise (+25bps) during 2007 is also a contributing factor particularly for selected large cap stocks or stocks with exposure to residential earnings. The recent announcement that the RBA has decided to not increase rates in April may be seen by some as a short-term reprieve.

The REIT sector is currently trading on a FY08e yield of 5.95% with a forecast sector total return of 10.4%.

## New Zealand

### Outlook for 2007

The strong start to the year suggests our upside risk to our 0% to +10% expectations for full year performance. Furthermore, while we thought the sector looked expensive pre the PIE announcement, it has yet to re-establish the post investor tax yield that existed at that time.

At a fundamental level, we retain a positive outlook and believe CBD Office Property will deliver above trend rental growth for 2007, outperforming Retail and Industrial growth rates. Office and Industrial property will benefit from a catch-up of previous year increases as the typical three yearly review cycle plays out. Supply risk is increasing, particularly in Wellington, but this remains a medium-, not near-term concern. December and March revaluations have confirmed our earlier view that cap rate firming has continued, and we expect APT (APT.NZ - NZ\$1.39; 2L) to deliver c+10% for its June 30 revaluation.

However, there are a number of areas where pressure is mounting against the sector, not the least being the ongoing tension between yield and net tangible assets (NTA). To this end, we note that revaluations driven by weight of money, rather than improved rental growth outlook, have a negative impact on dividends and yield as they drive asset value based management fees higher. Moreover, the material upward move in the interest rate curve is putting pressure on LPT earnings, while providing higher returns for fixed interest alternatives to listed property. As an example, NZ's mainstream trading banks are currently offering 12-month term deposit rates of c8.0%.

### Review of 1Q'2007

1Q07 performance was very strong, with total returns of +8.1% as the market continued to reassess value under the PIE regime that will come into force from October 1, 2006. This represented a significant outperformance against broader market returns of +1.3%. The strong returns were also supported by a number of portfolio revaluations, with MGP confirming a +7% increase and KIP (KIP.NZ - NZ\$1.68; 2L) a +13% increase, which included new benchmark cap rates for CBD office and its retail shopping centre assets. The quarter ended with a flurry of activity, as APT announced the acquisition of a Wellington A Grade CBD Office property (NZ\$57m, 7.25% cap rate) and a development opportunity in Auckland with a potential investment of cNZ\$100m and MGP confirmed further industrial acquisitions in Christchurch.

Cash yields for the sector fell from 5.7% at December 31 to 5.4%, in contrast to the increase in funding costs where the 2 year swap rate moved up 28bp to 7.91% and the five year moved up 38bp to 7.60%.

During the month we reviewed and updated our valuations across the sector which resulted in upgrades to Hold from Sell for MGP, APT and KIP. Our

recommendations on PFI (Sell) (PFI.NZ - NZ\$1.48; 3L)and CHP (Hold) (CHP.NZ - NZ\$1.47; 2L)remained unchanged.

### Other Relevant Topics

The other event of note during Q1 was a change in the entry requirements for the EPRA/Nareit index. Despite being included in the December watch list of likely additions, MGP now appears unlikely to be added following an increase in the minimum market capitalization threshold for inclusion. Our understanding is that KIP (NZ's only existing index member) will retain its position.

Figure 31. Global Property Hunter – Australia/New Zealand

Citigroup Investment Research Global Property Hunter		Reuters Ticker	Rating	Country	Price		Total Return, YTD		Target Price	Div 2007	Div Yield	Earnings Estimates				EV/ EBITDA, 2007	
Company	Local Cur.				USD	2007	2008	2007				2008	2007	2008	2007		2008
<b>AUSTRALIA</b>																	
<b>Covered Companies</b>																	
Centro Property Group	CNP.AX	2M	Australia	9.42	AUD	3.5	9.7	9.00	0.40	4.2	0.40	0.43	7.4	7.7	23.8	22.1	19.8
CFS Retail Property Trust	CFX.AX	2L	Australia	2.39	AUD	2.6	8.7	2.26	0.12	4.9	0.11	0.12	5.5	5.7	21.0	19.9	20.1
Commonwealth Prop Office	CPA.AX	2L	Australia	1.45	AUD	(1.4)	4.6	1.41	0.10	6.9	0.09	0.09	0.1	0.5	15.4	15.4	14.4
DB RREEF Trust	DRT.AX	2M	Australia	1.83	AUD	3.1	9.3	1.74	0.11	6.2	0.11	0.12	4.4	3.1	16.2	15.7	15.0
Galileo Shopping America	GSA.AX	2M	Australia	1.23	AUD	0.0	6.0	1.24	0.10	8.3	0.10	0.10	(2.1)	0.3	12.3	12.3	14.6
GPT Group	GPT.AX	2M	Australia	5.03	AUD	(8.9)	(3.7)	5.05	0.29	5.8	0.29	0.31	6.5	5.5	17.2	16.3	22.1
ING Industrial Fund	IIF.AX	2M	Australia	2.46	AUD	5.6	11.6	2.52	0.17	6.8	0.17	0.18	10.9	7.9	14.7	13.6	13.7
ING Office Fund	IOF.AX	2L	Australia	1.64	AUD	9.9	16.0	1.61	0.11	6.5	0.11	0.11	0.3	0.9	15.3	15.1	16.2
Investa Property Group	IPG.AX	2M	Australia	2.65	AUD	5.6	11.9	2.30	0.16	5.8	0.15	0.16	0.2	1.2	17.2	17.0	17.9
Macquarie CountryWide	MCW.AX	1M	Australia	2.20	AUD	4.3	10.5	2.20	0.16	7.1	0.15	0.16	0.3	2.5	14.2	13.9	22.9
Macquarie DDR Trust	MDT.AX	1M	Australia	1.29	AUD	(0.8)	4.8	1.41	0.10	7.8	0.10	0.10	0.1	0.0	12.9	12.9	14.8
Macquarie Goodman	MGQ.AX	2M	Australia	7.28	AUD	(3.2)	2.4	7.50	0.32	4.3	0.32	0.35	18.1	9.4	23.1	21.1	21.7
Macquarie Leisure Trust	MLE.AX	1M	Australia	3.04	AUD	2.0	8.1	3.20	0.18	6.0	0.19	0.24	N/A	27.0	15.9	12.5	15.4
Macquarie Office Trust	MOF.AX	3M	Australia	1.58	AUD	4.4	10.3	1.50	0.11	7.2	0.11	0.11	0.4	1.7	14.0	13.8	16.6
Macquarie ProLogis Trust	MPR.AX	2M	Australia	1.42	AUD	14.9	21.3	1.37	0.11	7.6	0.11	0.11	(1.6)	(2.6)	12.7	13.1	10.8
Mirvac Group	MGR.AX	3M	Australia	5.57	AUD	1.1	6.8	5.18	0.32	5.7	0.30	0.33	(1.0)	9.3	18.6	17.0	17.4
Multiplex Group	MXG.AX	2H	Australia	4.66	AUD	16.8	23.8	4.47	0.22	4.6	0.22	0.27	N/A	25.1	21.5	17.2	17.3
Reckson NY Prop	RNY.AX	2M	Australia	1.13	AUD	0.4	6.5	1.24	0.09	7.8	0.09	0.09	37.1	2.3	13.2	12.9	26.3
Stockland	SGP.AX	2L	Australia	8.89	AUD	7.4	13.8	7.74	0.43	4.9	0.44	0.46	4.5	5.7	20.4	19.3	14.2
Tishman Speyer Office	TSO.AX	2M	Australia	2.68	AUD	7.6	14.1	2.80	0.17	6.3	0.18	0.15	2.7	(17.2)	15.2	18.3	27.4
Valad Property Group	VPG.AX	1M	Australia	2.11	AUD	33.1	41.1	2.16	0.11	5.3	0.11	0.12	9.0	7.3	19.0	17.7	24.7
Westfield Group	WDC.AX	1M	Australia	20.93	AUD	2.2	7.8	23.00	1.07	5.1	1.06	1.13	8.7	6.4	19.7	18.5	18.7
<b>Australia Covered Tot/Wghtd Avg.</b>						<b>2.7</b>	<b>8.6</b>			<b>5.4</b>			<b>6.9</b>	<b>6.4</b>	<b>19.2</b>	<b>18.0</b>	<b>18.5</b>
<b>Australia Covered Straight Avg.</b>						<b>5.0</b>	<b>11.1</b>			<b>6.1</b>			<b>5.6</b>	<b>5.0</b>	<b>17.0</b>	<b>16.2</b>	<b>18.3</b>
<b>Uncovered Companies</b>																	
Abacus Property Group	ABP.AX	-	Australia	1.94	AUD	7.2	13.2	-	0.13	6.4	0.15	0.13	12.4	(8.3)	13.4	14.6	15.0
Australand Property Group	ALZ.AX	-	Australia	2.19	AUD	11.8	18.0	-	0.17	7.8	0.17	0.18	(1.7)	5.3	13.0	12.3	14.3
Babcock & Brown Japan	BJT.AX	-	Australia	2.02	AUD	(3.3)	2.4	-	0.12	5.7	0.12	0.13	9.3	6.8	17.3	16.2	20.5
Bunnings Warehouse	BWP.AX	-	Australia	2.32	AUD	7.4	13.9	-	0.13	5.6	0.13	0.14	3.1	5.3	17.7	16.8	17.0
Centro Retail Trust	CER.AX	-	Australia	1.71	AUD	(13.9)	(8.8)	-	0.13	7.4	0.12	0.13	N/A	9.1	14.1	12.9	20.1
FKP Property Group	FKP.AX	-	Australia	7.50	AUD	14.0	20.8	-	0.32	4.3	0.59	0.69	0.2	18.2	12.8	10.8	12.8
ING RE Community Living	ILF.AX	-	Australia	1.40	AUD	13.2	19.6	-	0.11	7.8	0.10	0.11	5.1	5.8	13.6	12.8	16.0
Sunland Group	SDG.AX	-	Australia	3.26	AUD	(7.8)	(2.7)	-	0.13	4.0	0.28	0.29	(0.4)	1.1	11.5	11.4	9.7
<b>Australia Uncovered Tot/Wghtd Avg.</b>						<b>3.4</b>	<b>9.4</b>			<b>6.2</b>			<b>3.0</b>	<b>6.4</b>	<b>13.8</b>	<b>13.1</b>	<b>15.5</b>
<b>Australia Uncovered Straight Avg.</b>						<b>3.6</b>	<b>9.6</b>			<b>6.1</b>			<b>4.0</b>	<b>5.4</b>	<b>14.2</b>	<b>13.5</b>	<b>15.7</b>
<b>NEW ZEALAND</b>																	
<b>Covered Companies</b>																	
AMP NZ Office Trust	APT.NZ	2L	NZealand	1.39	NZD	8.4	14.2	1.35	0.08	5.6	0.092	0.084	21.4	(8.6)	15.2	16.6	14.6
Calan Healthcare Props	CHP.NZ	2L	NZealand	1.47	NZD	3.6	9.1	1.48	0.08	5.4	0.092	0.101	(0.1)	10.2	16.0	14.5	16.1
Kiwi Income Property Trust	KIP.NZ	2L	NZealand	1.68	NZD	9.1	15.5	1.55	0.09	5.3	0.089	0.096	(21.7)	7.5	18.9	17.5	16.2
Macquarie Goodman Prop	MGP.NZ	2L	NZealand	1.56	NZD	10.1	16.0	1.55	0.09	5.7	0.103	0.105	(3.3)	2.1	15.2	14.9	16.4
Property for Industry Ltd	PFI.NZ	3L	NZealand	1.48	NZD	3.8	9.3	1.43	0.07	4.9	0.092	0.102	4.3	11.0	16.2	14.6	15.7
<b>New Zealand Covered Tot/Wghtd Avg.</b>						<b>8.4</b>	<b>14.4</b>			<b>5.4</b>			<b>(3.5)</b>	<b>3.0</b>	<b>16.6</b>	<b>16.1</b>	<b>15.9</b>
<b>New Zealand Covered Straight Avg.</b>						<b>7.0</b>	<b>12.8</b>			<b>5.4</b>			<b>0.1</b>	<b>4.5</b>	<b>16.3</b>	<b>15.6</b>	<b>15.8</b>

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.



Figure 32. The Global Property Hunter – Australia/New Zealand (continued)

Citigroup Investment Research Reuters Ticker	Country	NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight
<b>AUSTRALIA</b>													<b>10.5</b>	<b>100.0</b>	<b>15.0</b>	<b>100.0</b>
<b>Covered</b>																
		<b>NPV</b>														
CNP.AX	Australia	8.20	14.9	7,961	9,248	13.9	1.20	6,660	7,737	Y	Retail	Investor	0.6	6.1	0.6	4.0
CFX.AX	Australia	2.15	11.2	5,072	6,569	22.8	1.20	4,243	5,496	Y	Retail	Investor	0.4	3.9	0.9	6.0
CPA.AX	Australia	1.26	15.1	2,345	3,065	23.5	1.20	1,962	2,564	Y	Office	Investor	0.2	1.8	-	-
DRT.AX	Australia	1.54	18.8	5,297	8,452	37.3	1.20	4,432	7,071	Y	Diversfd	Investor	0.4	4.1	-	-
GSA.AX	Australia	1.22	0.8	1,264	2,875	56.0	1.20	1,058	2,405	Y	Retail	Investor	0.1	1.0	-	-
GPT.AX	Australia	4.95	1.6	10,269	17,575	41.6	1.20	8,591	14,703	Y	Diversfd	Investor	0.8	7.9	-	-
IIF.AX	Australia	2.43	1.2	2,660	3,551	25.1	1.20	2,226	2,971	N	Indstrl	Investor	N/A	N/A	-	-
IOF.AX	Australia	1.31	24.6	1,991	2,944	32.4	1.20	1,666	2,463	Y	Office	Investor	0.2	1.5	0.8	5.0
IPG.AX	Australia	2.05	29.3	4,043	5,882	31.3	1.20	3,382	4,921	Y	Office	Investor	0.3	3.1	-	-
MCW.AX	Australia	1.96	12.2	2,740	5,076	46.0	1.20	2,292	4,247	Y	Retail	Investor	0.2	2.1	0.6	4.0
MDT.AX	Australia	1.16	11.2	1,199	2,742	56.3	1.20	1,003	2,294	Y	Retail	Investor	0.1	0.9	-	-
MGQ.AX	Australia	7.14	2.0	12,161	14,310	15.0	1.20	10,174	11,972	Y	Indstrl	Investor	1.0	9.3	2.3	15.0
MLE.AX	Australia	1.55	96.1	659	743	11.3	1.20	551	621	N	Hotel/Leis	Investor	N/A	N/A	0.3	2.0
MOF.AX	Australia	1.26	25.4	3,136	5,550	43.5	1.20	2,624	4,643	Y	Office	Investor	0.3	2.4	-	-
MPR.AX	Australia	1.24	14.1	1,226	1,225	-	1.20	1,026	1,025	Y	Indstrl	Investor	0.1	0.9	-	-
MGR.AX	Australia	4.62	20.6	5,613	7,893	28.9	1.20	4,696	6,603	Y	Diversfd	Investor	0.5	4.3	-	-
MXG.AX	Australia	3.38	37.9	3,902	5,899	33.8	1.20	3,265	4,935	Y	Diversfd	Dvlpr/Inv	0.3	3.0	-	-
RNY.AX	Australia	1.09	3.2	296	626	52.7	1.20	248	524	Y	Office	Investor	0.0	0.2	-	-
SGP.AX	Australia	7.60	17.0	12,341	14,614	15.6	1.20	10,325	12,226	Y	Diversfd	Investor	1.0	9.5	2.3	15.0
TSO.AX	Australia	2.40	11.7	919	1,918	52.1	1.20	769	1,605	Y	Office	Investor	0.1	0.7	-	-
VPG.AX	Australia	2.04	3.4	1,748	2,134	18.1	1.20	1,462	1,785	Y	Diversfd	Investor	0.1	1.3	0.3	2.0
WDC.AX	Australia	21.26	(1.6)	37,157	55,472	33.0	1.20	31,086	46,408	Y	Retail	Investor	3.0	28.5	7.1	47.0
<b>Australia Covereds Tot/Wghtd Avg.</b>			<b>9.4</b>	<b>124,000</b>	<b>178,364</b>	<b>28.7</b>		<b>103,738</b>	<b>149,219</b>				<b>9.7</b>	<b>92.7</b>	<b>15.0</b>	<b>100.0</b>
<b>Australia Covereds Straight Avg.</b>			<b>16.9</b>			<b>31.4</b>										
<b>Uncovered</b>																
		<b>NAV</b>														
ABP.AX	Australia	-	-	1,103	1,445	23.7	1.20	923	1,209	Y	Diversfd	Investor	0.1	0.8	-	-
ALZ.AX	Australia	-	-	2,019	3,918	48.5	1.20	1,689	3,278	Y	Diversfd	Dvloper	0.2	1.6	-	-
BJT.AX	Australia	-	-	1,004	1,416	29.1	1.20	840	1,185	Y	Diversfd	Investor	0.1	0.8	-	-
BWP.AX	Australia	-	-	685	898	23.7	1.20	573	751	Y	Retail	Investor	0.1	0.5	-	-
CER.AX	Australia	-	-	1,591	2,847	44.1	1.20	1,331	2,382	Y	Retail	Investor	0.1	1.2	-	-
FKP.AX	Australia	-	-	1,661	2,658	37.5	1.20	1,390	2,224	Y	Diversfd	Dvloper	0.1	1.3	-	-
ILF.AX	Australia	-	-	438	661	33.8	1.20	366	553	Y	Residntl	Investor	0.0	0.3	-	-
SDG.AX	Australia	-	-	1,031	1,423	27.5	1.20	863	1,190	Y	Residntl	Dvloper	0.1	0.8	-	-
<b>Australia Uncovereds Tot/Wghtd Avg.</b>				<b>9,533</b>	<b>15,267</b>	<b>36.2</b>		<b>7,976</b>	<b>12,772</b>				<b>0.8</b>	<b>7.3</b>		
<b>Australia Uncovereds Straight Avg.</b>						<b>33.5</b>										
<b>NEW ZEALAND</b>													<b>0.1</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Covered</b>																
		<b>NAV</b>														
APT.NZ	NZealand	1.21	14.9	740	1,034	28.4	1.34	552	771	N	Office	Investor	N/A	N/A	-	-
CHP.NZ	NZealand	1.30	13.1	204	261	21.8	1.34	152	195	N	Hlthcare	Investor	N/A	N/A	-	-
KIP.NZ	NZealand	1.44	16.7	1,200	1,432	16.3	1.34	894	1,068	Y	Diversfd	Investor	0.1	100.0	-	-
MGP.NZ	NZealand	1.13	38.1	980	1,257	22.1	1.34	731	937	N	Diversfd	Investor	N/A	N/A	-	-
PFI.NZ	NZealand	1.32	12.1	309	417	25.9	1.34	231	311	N	Indstrl	Investor	N/A	N/A	-	-
<b>New Zealand Covereds Tot/Wghtd Avg.</b>			<b>21.8</b>	<b>3,433</b>	<b>4,402</b>	<b>21.7</b>		<b>2,559</b>	<b>3,282</b>				<b>0.1</b>	<b>100.0</b>	<b>-</b>	<b>-</b>
<b>New Zealand Covereds Straight Avg.</b>			<b>19.0</b>			<b>22.9</b>										

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter.

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## Regional Focus-Europe

### Continental Europe

#### Outlook for 2007 - The Property Magnet Proved Its Resilience Following the Broad Market Sell-Off

Despite a c5% correction in share prices since the sector all-time high in February 2007, valuations of the Continental Europe property stocks remain rich both on P/Rec. Cash EPS and P/NAV.

Valuations certainly appear stretched, with near all-time high valuation ratios on our coverage universe (P/Rec. Cash EPS 2007E of 22.5x; P/NAV for 2007E of 1.23x; and dividend yield for 2007E of 3.6%). The different sector drivers; low interest rates, low corporate spreads, improving occupancy rates, recovery in rents, and cap rates continuing to compress, are all favorable to the sector. We expect cap rates to continue to compress in 2007E and to remain broadly stable in 2008E.

We think average valuation status is sustainable within the next few quarters, but that alpha is going to be generated by picking up the good restructuring stories, the potential M&A targets, and the right IPOs rather than just going to the less-expensive stocks in the sector.

Cheap debt and low total return expectations mean that the spread between property yields and interest rates look attractive for both equities investors and private equity players. This is why we expect to see further M&A activity. The amount of equity issued by European non-listed real estate vehicles (MSREF, Axa, ING, Invista, Colony, etc.) is accelerating. We also have started to witness the first strategic M&A transactions involving European Property Companies: Fonciere des Regions (FDR.PA - €140.35; 2L) buying Beni Stabili (BNSI.MI - €1.27; Not Rated) with shares, Eurosic (ESIC.PA - €66.01; Not Rated) buying Vectrane (VEC.PA - €23.49; Not Rated) in a cash deal.

REIT legislation continues to expand in Europe, with the definitive details of the REIT legislation expected in Italy during Q2/Q3. All the major European economies will have a REIT status by the end of the year.

#### Introduction of German REITs

On March 30, 2007, the German upper house of parliament (Bundesrat) adopted the long-awaited German REIT (G-REIT) legislation with retroactive effect from January 1, 2007. We believe that this is a positive for the German real estate investment market, in particular for the commercial real estate segment. Nevertheless, at this stage the legislation features several constraints.

In both France and the UK, the first phase after introduction of REIT legislation was characterized by the conversion of large listed property companies into REITs. In the UK, REIT market cap quickly reached €50bn, mainly driven by conversions of existing listed real estate companies such as Land Securities and British Land.

Due to the limited number of large listed real estate companies in Germany, we do not expect the same development in the short-term when the REIT legislation takes effect in Germany. The two significant German IPOs in 2006 were companies focused on residential real estate (Gagfah (GFJG.DE - €20.51; Not Rated) and Patrizia (P1ZGn.DE - €15.15; 3M)). The small size of the remaining

newly IPOed companies makes them unlikely in our view to be in a position to acquire large portfolios in the short term.

The key features of the G-REIT legislation are:

- Minimum 75% of gross income from real estate-related activities
- Maximum 55% LTV leverage
- Minimum 90% payout ratio on distributable profit
- 50% maximum portfolio turnover within 5 years
- Minimum 15% free float, of which 3% max individual stake
- Maximum 10% direct stake for any single shareholder (up to 85% indirect)
- Retroactive effect to 1/1/07, start date for the exit tax law regulation
- Mandatory stock exchange listing in Germany

The final changes made relative to the earlier draft of the law include:

**Reduced exit tax valid for 3 years, but excluding sales to open-ended funds** – properties sold to a REIT will incur only half the normal CGT rate. This tax benefit will be in effect for a total of 3 years, but will not apply to sales to open-ended investment funds (as had been suggested in the draft law).

**Minimum holding period of 5 years before entry into REIT** – the reduced exit tax is limited to the sale of property held for more than five years. This is an improvement over the terms of the draft legislation, which had stipulated a holding period of ten years. For conversions of listed property companies into REITs, the minimum holding period for assets is only two years.

**75% of income from real estate, but one year to comply** – the primary activity of a REIT must be the purchase, management and disposal of properties. 75% of income has to be generated from real estate. Non-listed companies wanting to benefit from the favourable exit tax regulations are granted one year from the application for REIT status to adjust their company structure in order to meet this criterion.

**German residential properties effectively excluded from REITs** – properties permitted for inclusion in a REIT must have a minimum quota of 50% commercial use, meaning that residential properties built before 2007 are effectively excluded from REIT structure. However, German residential properties built after 2007 and international residential properties can be included in REITs.

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## UK

### Outlook for 2007: Outside influences

Our original forecast for this year was a 10%–15% return for the UK. We now err more toward the 10% level now than the 15% but with no end of the love affair between investors and real estate in sight, the future is by no means transparent. We expect at least one more rise in interest rates in the UK. Indeed, by the time this report goes to press, the rise may have been delivered. Demand for city offices remains robust and the consumer seems still inclined to spend, which should support retail. As a result, we expect a measure of stability in the UK commercial property market, although potentially a more turbulent outlook for shares.

The sector as a whole is looking reasonable value, trading at around 1x historic NAV and at around a 5% discount to future NAV. The dividend yield continues to look anaemic, at around 2%, but then the UK always does.

The problem facing the UK property sector at the moment is that the rationale for buying property is fading: yields are at an all-time low, particularly for prime property, and rental growth in all sectors other than London offices is barely inflationary. On the other hand, as Citigroup's Global Real Estate CEO conference in Florida proved, the money becoming available for investment in global real estate has never been higher and will exert pressure on yields.

Companies themselves are also struggling with the transition to REITs. At the beginning of the year, most CEOs were saying that it was “business as usual, but without the tax”. There are signs of change now:

- British Land (BLND.L - £15.2; Not Rated) selling one of the buildings on its flagship Broadgate city office estate at an initial yield of 4.8% — the European Bank of Reconstruction and Development lets the full building at £52.50 per square foot and has 16 years left on the lease. There is reversionary potential, but not much. When yield compression is seen to be over, it is right that companies sell buildings with little upside potential.
- Slough Estates (SLOU.L - £7.6; 2M) has made it clear that it would rather let unoccupied space to generate revenue than leave the space empty to avoid diluting rental levels of surrounding buildings: “we give [priority] to generating cash from unoccupied space.”
- Land Securities (LAND.L - £20.85; Not Rated) has clearly shifted its focus towards its property outsourcing subsidiary, Trillium, which is a revenue-based, rather than a yield-based, operation.

It is difficult to see whether there will be significant M&A in the UK, although our inclination is that there will be. There has been too much smoke to suggest that there isn't a fire alight somewhere. The IPO pipeline is also strong, with a number of focused REITs on the way. A major focus for the UK at the moment is on operating companies with substantial property holdings: the supermarket sector is particularly popular at the moment, with private equity houses circling believed to be intent on separating the operating from the property company.

Ultimately, our conclusion is that investors want to see the UK REIT sector become more like the US sector, comprising a larger number of more focused companies. If the companies are not prepared to do it themselves, we believe that others will come and do it for them.

Figure 33. Global Property Hunter – Europe, Covered

Citigroup Investment Research Global Property Hunter		Reuters		Price		Total Return, YTD		Target	Div	Div	Earnings Estimates				EV/ EBITDA,		
Company	Ticker	Rating	Country	04/17/07 Local Cur.	Local Cur.	USD	Price	2007	Yield	2007	2008	Growth		Multiple		2007	
												2007	2008	2007	2008		
<b>EUROPE</b>																	
<b>Covered Companies - EPS Primary Earnings Measure</b>																	
												EPS				EV/EBITDA	
Foncia Groupe	FCIA.PA	2L	France	39.80	EUR	7.6	10.6	42.10	0.45	1.1	1.60	1.90	31.0	18.9	24.9	21.0	15.2
IVG Immobilien	IVGG.DE	1L	Germany	35.82	EUR	10.1	13.2	39.00	0.60	1.7	1.24	1.30	3.3	4.5	28.8	27.6	16.8
Patrizia Immobilien	P1ZGn.DE	3M	Germany	15.10	EUR	(33.1)	(31.2)	14.00	0.23	1.6	0.78	1.21	14.2	54.8	19.4	12.5	8.4
Vivacon AG	VIVG.DE	1H	Germany	27.00	EUR	6.1	9.1	28.00	0.00	0.0	2.08	1.89	17.1	(9.2)	13.0	14.3	7.5
Eurobank Properties	EUPr.AT	1M	Greece	17.28	EUR	1.5	4.4	19.40	0.74	4.3	0.77	0.86	10.0	10.6	22.3	20.2	18.4
Pirelli & C. Real Estate SpA	PCRE.MI	1M	Italy	59.26	EUR	14.0	17.2	64.80	2.39	4.0	4.08	4.34	8.9	6.3	14.5	13.7	18.5
Invista Euro RE Trust	IERE.L	1L	Luxmbg	2.20	GBP	1.4	3.9	2.45	0.16	7.3	0.35	0.46	N/A	33.2	6.4	4.8	N/A
Echo Invest SA	EPRS.WA	3M	Poland	113.00	PLN	27.7	32.3	57.00	0.00	0.0	7.51	8.22	7.2	9.5	15.0	13.7	30.4
Globe Trade Centre S.A.	GTCE.WA	3M	Poland	51.65	PLN	28.5	33.2	24.20	0.00	0.0	1.51	1.55	90.6	2.5	34.2	33.4	N/A
Sacyr	SVO.MC	2M	Spain	45.40	EUR	1.1	4.0	42.50	0.58	1.3	2.58	3.02	39.3	17.0	17.6	15.0	26.3
Minerva	MNRL	1H	UK	4.14	GBP	2.1	4.7	4.80	0.00	0.0	(0.04)	(0.04)	N/A	(17.5)	N/A	N/A	N/A
<b>EPS Multiple Weighted Avg.</b>															<b>21.1</b>	<b>19.0</b>	
<b>Covered Companies - Rec CF/sh Primary Earnings Measure</b>																	
												Rec CF/sh				EV/EBITDA	
Fonciere Des Regions	FDR.PA	2L	France	140.30	EUR	(5.2)	(2.5)	167.00	5.00	3.6	7.46	8.33	3.8	11.7	18.8	16.8	13.7
Gecina	GFCP.PA	3L	France	143.00	EUR	(1.4)	1.4	85.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Klepierre	LOIM.PA	2L	France	144.94	EUR	1.4	4.2	165.00	3.70	2.6	7.27	8.31	18.8	14.3	19.9	17.4	18.7
Silic	SILP.PA	2L	France	136.00	EUR	19.3	22.7	155.00	4.44	3.3	6.32	6.62	19.0	4.7	21.5	20.5	23.4
Societe Fonciere	FLYP.PA	2L	France	64.39	EUR	14.0	17.2	52.00	2.10	3.3	2.16	2.41	3.2	11.5	29.7	26.7	26.6
Unibail	UNBP.PA	1L	France	209.07	EUR	13.5	16.9	245.00	5.75	2.8	8.34	9.50	27.4	14.0	25.1	22.0	23.7
Orco Property	ORCO.PA	1M	Luxmbg	125.96	EUR	30.5	34.2	140.00	1.20	1.0	7.07	8.92	65.9	26.1	17.8	14.1	15.9
Corio NV	COR.AS	3L	NthrInds	70.54	EUR	14.0	17.2	63.00	2.60	3.7	3.02	3.27	(0.6)	8.2	23.4	21.6	23.9
Eurocommercial Props NV	SIPFc.AS	2L	NthrInds	44.50	EUR	17.7	21.0	36.00	1.81	4.1	1.76	1.86	9.9	5.3	25.2	24.0	23.9
Rodamco Europe NV	RDMB.AS	3L	NthrInds	111.00	EUR	10.1	13.2	100.00	3.88	3.5	4.43	4.78	4.8	8.0	25.1	23.2	24.6
Brixton	BXTN.L	2L	UK	4.99	GBP	(13.4)	(11.2)	5.80	0.13	2.7	0.20	0.20	N/A	2.7	25.3	24.6	28.7
Hammerson PLC	HMSO.L	2M	UK	16.21	GBP	3.8	7.3	18.00	0.27	1.7	0.43	0.48	N/A	11.1	37.7	33.9	29.3
Slough Estates PLC	SLOU.L	2M	UK	7.65	GBP	(2.6)	(0.2)	8.00	0.23	3.1	0.31	0.34	(2.3)	11.1	24.9	22.4	22.7
<b>FFO Multiple Weighted Avg.</b>															<b>25.6</b>	<b>23.2</b>	
<b>Europe Covered Tot/Wghtd Avg.</b>						<b>7.5</b>	<b>10.6</b>			<b>2.4</b>			<b>19.5</b>	<b>11.0</b>	<b>N/A</b>	<b>N/A</b>	<b>23.2</b>
<b>Europe Covered Straight Avg.</b>						<b>7.0</b>	<b>10.1</b>			<b>2.4</b>			<b>19.6</b>	<b>11.3</b>	<b>N/A</b>	<b>N/A</b>	<b>20.8</b>

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter

Figure 34. Global Property Hunter – Europe, Covered (continued)

Citigroup Investment Research Reuters Ticker	Country	NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight						
<b>EUROPE</b>													<b>22.2</b>	<b>100.0</b>	<b>25.0</b>	<b>100.0</b>						
<b>Covered - EPS</b>																						
		<b>NAV</b>																				
FCIA.PA	France	N/A	N/A	1,292	1,415	8.7	0.74	1,754	1,921	N	Diversfd	Dvlpr/Inv	N/A	N/A	3.8	15.0						
IVGG.DE	Germany	29.21	22.6	4,155	6,070	31.5	0.74	5,639	8,238	Y	Diversfd	Investor	0.5	2.2	5.0	20.0						
PIZGn.DE	Germany	N/A	N/A	716	758	5.6	0.74	971	1,029	Y	Residntl	Investor	0.1	0.4	-	-						
VIVG.DE	Germany	N/A	N/A	518	571	9.3	0.74	703	775	N	Residntl	Investor	N/A	N/A	1.3	5.0						
EUPr.AT	Greece	15.25	13.3	422	403	-	0.74	572	547	Y	Diversfd	Investor	0.0	0.2	1.3	5.0						
PCRE.MI	Italy	N/A	N/A	2,524	2,621	3.7	0.74	3,426	3,558	N	Diversfd	Investor	N/A	N/A	2.5	10.0						
IERE.L	Luxmbg	3.19	(30.9)	N/A	N/A	N/A	0.50	N/A	N/A	Y	Diversfd	Investor	N/A	N/A	-	-						
EPRS.WA	Poland	N/A	N/A	4,746	5,815	18.4	2.80	1,694	2,076	N	Diversfd	Dvlpr/Inv	N/A	N/A	-	-						
GTCE.WA	Poland	N/A	N/A	10,312	10,746	4.0	2.80	3,681	3,836	Y	Diversfd	Dvloper	0.3	1.4	-	-						
SVO.MC	Spain	N/A	N/A	12,446	30,801	59.6	0.74	16,891	41,803	N	Diversfd	Dvlpr/Inv	N/A	N/A	0.5	2.0						
MNRL	UK	3.58	15.4	666	767	13.1	0.50	1,338	1,539	Y	Office	Dvloper	0.1	0.5	0.3	1.0						
													<b>1.0</b>	<b>4.7</b>	<b>14.5</b>	<b>58.0</b>						
<b>Covered - Rec CF</b>																						
		<b>NAV</b>																				
FDR.PA	France	N/A	N/A	2,433	8,228	70.4	0.74	3,302	11,167	Y	Diversfd	Investor	0.3	1.3	0.6	2.5						
GFCP.PA	France	N/A	N/A	N/A	N/A	N/A	0.74	N/A	N/A	Y	Diversfd	Investor	N/A	N/A	-	-						
LOIM.PA	France	128.24	13.0	6,691	10,214	34.5	0.74	9,081	13,862	Y	Retail	Investor	0.8	3.5	1.4	5.5						
SILP.PA	France	128.30	6.0	2,365	3,122	24.2	0.74	3,210	4,237	Y	Diversfd	Investor	0.3	1.2	1.3	5.0						
FLYP.PA	France	59.28	8.6	2,775	3,873	28.3	0.74	3,767	5,256	N	Diversfd	Investor	N/A	N/A	-	-						
UNBP.PA	France	181.07	15.5	9,537	12,249	22.1	0.74	12,944	16,625	Y	Diversfd	Investor	1.1	5.0	5.0	20.0						
ORCO.PA	Luxmbg	108.13	16.5	857	1,260	32.0	0.74	1,162	1,711	N	Diversfd	Dvlpr/Inv	N/A	N/A	-	-						
COR.AS	Nthrlnds	53.18	32.6	4,674	6,695	30.2	0.74	6,343	9,086	Y	Retail	Investor	0.5	2.4	-	-						
SIPFc.AS	Nthrlnds	32.41	37.3	1,570	2,137	26.5	0.74	2,131	2,900	Y	Retail	Investor	0.2	0.8	-	-						
RDMB.AS	Nthrlnds	82.62	34.4	9,950	13,283	25.1	0.74	13,504	18,028	Y	Retail	Investor	1.1	5.2	-	-						
BXTN.L	UK	5.76	(13.3)	1,348	1,836	26.6	0.50	2,707	3,687	Y	Indstrl	Investor	0.2	1.0	-	-						
HMSO.L	UK	17	(3.5)	4,707	6,950	32.3	0.50	9,451	13,955	Y	Diversfd	Investor	0.8	3.6	2.3	9.0						
SLOU.L	UK	8.55	(10.5)	3,223	5,647	42.9	0.50	6,472	11,339	Y	Indstrl	Investor	0.5	2.5	-	-						
<b>Europe Covered Tot/Wgtd Avg.</b>													<b>14.8</b>	<b>87,926</b>	<b>135,462</b>	<b>32.4</b>	<b>110,744</b>	<b>177,176</b>	<b>5.9</b>	<b>26.5</b>	<b>10.5</b>	<b>42.0</b>
<b>Europe Covered Straight Avg.</b>													<b>10.5</b>			<b>25.0</b>						

Source: Citigroup Investment Research, Reuters, Bloomberg, Factset, Company Documents, EPRA/UBS.

Note: Earnings metrics vary across regions and companies, limiting comparability in some cases. Please see Footnotes to the Global Hunter

Figure 35. Global Property Hunter – Europe, Uncovered

Citigroup Investment Research Global Property Hunter Company	Reuters Ticker	Rating	Country	Price		Total Return, YTD		Target Price	Div 2007	Div Yield	Earnings Estimates				EV/ EBITDA, 2007		
				04/17/07		Local Cur.	USD				2007	2008	Growth			Multiple	
				Local Cur.	USD								2007	2008		2007	2008
<b>EUROPE</b>																	
<b>Uncovered Companies</b>																	
<b>EPS</b>																	
<b>EV/EBITDA</b>																	
Ca Immobilien	CAIV.VI	-	Austria	23.90	EUR	8.1	11.2	-	0.00	0.0	0.81	1.37	-	69.1	29.5	17.4	N/A
Conwert Immobilien Invest	CONW.VI	-	Austria	16.58	EUR	1.1	4.0	-	0.00	0.0	1.33	1.77	44.2	32.9	12.5	9.4	10.9
Immoeast AG	IMEA.VI	-	Austria	11.24	EUR	5.5	8.5	-	0.00	0.0	0.75	1.00	(0.9)	32.5	14.9	11.3	14.3
Immofinanz Immobilien	IMFI.VI	-	Austria	12.50	EUR	15.7	19.0	-	0.04	0.3	1.17	1.27	18.0	8.7	10.7	9.8	11.6
Sparkassen Immo Invest	SIMIG.VI	-	Austria	113.50	EUR	11.8	15.0	-	0.00	0.0	0.22	0.18	7.5	(16.3)	N/A	N/A	N/A
Befimmo (Sicafi)	BEFIT.BR	-	Belgium	92.25	EUR	8.5	11.6	-	4.59	5.0	5.98	5.32	22.0	(11.1)	15.4	17.4	13.7
Cofinimmo	COFIT.BR	-	Belgium	152.50	EUR	0.2	3.0	-	7.24	4.7	8.59	8.91	(1.1)	3.6	17.7	17.1	20.5
Intervest Offices	PRIF.BR	-	Belgium	32.50	EUR	14.2	17.4	-	2.02	6.2	3.63	1.09	12.0	(70.0)	9.0	29.8	17.5
Leasinvest-Sicafi	LNRE.BR	-	Belgium	81.99	EUR	6.9	9.9	-	3.92	4.8	9.65	6.98	96.5	(27.7)	8.5	11.7	20.7
Warehouses De Pauw	WDPP.BR	-	Belgium	53.30	EUR	6.9	9.9	-	2.67	5.0	2.93	3.34	(7.2)	14.2	18.2	16.0	18.7
Wereldhave Belgium	WEHAe.BR	-	Belgium	69.15	EUR	18.0	21.3	-	3.85	5.6	4.03	4.17	5.1	3.6	17.2	16.6	17.0
Keops	KEOPS.CO	-	Denmark	20.70	DKK	1.5	4.4	-	0.25	1.2	2.76	2.93	(38.9)	6.2	7.5	7.1	17.5
TK Development	TKDV.CO	-	Denmark	119.50	DKK	42.3	46.4	-	0.00	0.0	8.52	9.75	N/A	14.4	14.0	12.3	8.3
Assura	AGR.L	-	UK	2.22	GBP	6.0	10.5	-	0.07	3.2	0.09	0.14	(12.0)	62.2	26.1	16.1	N/A
Big Yellow Group	BYG.L	-	UK	6.67	GBP	(5.4)	(3.0)	-	0.08	1.2	0.11	0.13	20.2	18.2	N/A	52.7	34.5
British Land Co	BLND.L	-	UK	15.20	GBP	(11.0)	(8.4)	-	0.22	1.4	0.42	0.48	18.5	13.9	36.0	31.6	23.7
Capital & Regional	CALL	-	UK	16.04	GBP	4.0	6.6	-	0.29	1.8	0.43	0.54	(6.4)	25.4	37.1	29.6	17.3
CLS Holdings	CLIL	-	UK	7.20	GBP	(2.7)	(0.3)	-	0.00	0.0	0.25	0.23	(8.7)	(8.4)	28.5	31.2	N/A
Daejan Hdg	DJAN.L	-	UK	50.09	GBP	(13.2)	(10.6)	-	0.70	1.4	1.12	1.22	(83.8)	9.6	44.8	40.9	N/A
Development Securities	DSC.L	-	UK	6.45	GBP	(7.2)	(4.9)	-	0.07	1.1	0.28	0.38	46.9	39.3	23.4	16.8	11.9
F&C Commercial Property	FCPT.L	-	UK	1.31	GBP	1.0	4.6	-	0.06	4.6	0.06	0.06	(81.5)	3.7	23.5	22.7	N/A
Freeport	FPR.L	-	UK	4.05	GBP	3.6	6.2	-	0.00	0.0	0.01	0.04	N/A	N/A	N/A	N/A	N/A
Granger PLC	GRIL	-	UK	6.41	GBP	(7.2)	(4.4)	-	0.06	1.0	0.13	0.15	1.6	14.8	49.0	42.7	21.5
Great Portland Estates	GPOR.L	-	UK	7.74	GBP	11.6	14.4	-	0.11	1.5	0.09	0.10	(19.6)	9.0	N/A	N/A	48.9
Helical Bar	HLCL.L	-	UK	4.33	GBP	(8.6)	(6.3)	-	0.04	1.0	0.17	0.19	86.8	10.0	25.7	23.3	19.9
ING UK Real Estate Income	IRET.L	-	UK	1.18	GBP	1.3	5.2	-	0.06	5.3	0.06	0.06	N/A	6.9	21.2	19.8	N/A
Insight Foundation Prop	IFD.L	-	UK	1.30	GBP	(4.6)	(1.0)	-	0.07	5.2	0.03	0.04	(86.2)	30.8	40.1	30.7	N/A
Invesco UK Prop Income	IPL.L	-	UK	1.22	GBP	5.7	9.8	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ISIS Property Trust 2 Ld	IPT.L	-	UK	1.49	GBP	(4.0)	(0.4)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ISIS Property Trust Ld	IRP.L	-	UK	1.36	GBP	(3.0)	0.6	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Land Securities Group	LAND.L	-	UK	20.98	GBP	(9.7)	(7.4)	-	0.51	2.4	0.67	0.78	(4.9)	16.6	31.2	26.8	21.8
Liberty International	LII.L	-	UK	12.40	GBP	(11.2)	(9.0)	-	0.37	3.0	0.39	0.42	14.5	8.8	32.0	29.4	22.7
Derwent London	DLN.L	-	UK	21.74	GBP	4.2	7.3	-	0.18	0.8	0.30	0.33	21.4	9.9	N/A	N/A	61.3
Mapeley	MAY.L	-	UK	38.20	GBP	(2.8)	0.8	-	1.93	5.0	2.71	3.44	35.3	27.0	14.1	11.1	15.9
Marylebone Wrvck Balfour	MWB.L	-	UK	2.88	GBP	19.3	22.3	-	0.00	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mucklow (A. & J.) Group	MKLW.L	-	UK	4.43	GBP	(13.5)	(11.3)	-	0.14	3.3	0.19	0.21	24.6	10.4	23.7	21.5	21.4
Plaza Centers	PLAZ.L	-	UK	1.74	GBP	(11.0)	(8.8)	-	0.00	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Primary Health Prop.	PHPL	-	UK	4.40	GBP	(16.1)	(12.7)	-	0.15	3.4	0.16	0.16	(77.0)	-	27.2	27.2	N/A
Quintain Estates & Dvlpmnt	QED.L	-	UK	8.91	GBP	4.2	6.8	-	0.11	1.3	0.06	0.10	(64.8)	76.8	N/A	N/A	64.2
Shafesbury	SHB.L	-	UK	7.65	GBP	(2.0)	0.9	-	0.08	1.1	0.13	0.13	72.2	(1.4)	59.1	60.0	33.8
St.Modwen Properties	SMP.L	-	UK	6.86	GBP	18.3	22.4	-	0.12	1.7	0.24	0.30	14.4	24.8	28.5	22.8	13.8
Standard Life Inv Prop Inc	SLIL	-	UK	1.22	GBP	(1.4)	2.3	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Teesland Advantage Prop	TAP.L	-	UK	1.13	GBP	(0.1)	3.8	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK Balanced Property	UBR.L	-	UK	1.45	GBP	5.2	10.3	-	0.07	4.9	0.07	0.07	7.4	4.8	21.9	20.9	N/A
Unite Group	UTG.L	-	UK	5.17	GBP	(5.2)	(2.5)	-	0.03	0.5	0.09	0.09	(84.5)	(4.0)	57.3	59.7	32.6
Westbury Property Fund	WPF.L	-	UK	1.75	GBP	9.3	12.9	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workspace Group	WKP.L	-	UK	4.91	GBP	(1.0)	1.7	-	0.04	0.9	0.05	0.07	(27.7)	26.2	N/A	N/A	36.1
Norwegian Property ASA	NPRO.OL	-	Norway	70.50	NOK	8.5	13.5	-	2.50	3.5	2.56	N/A	N/A	N/A	27.5	N/A	N/A
Citycon	CTY1S.HE	-	Finland	5.88	EUR	19.2	23.5	-	0.14	2.4	0.21	0.23	(73.3)	8.7	28.3	26.0	22.8
Sponda Oyj	SDA1V.HE	-	Finland	13.08	EUR	25.6	30.4	-	0.48	3.6	0.49	0.48	(20.3)	(1.2)	26.9	27.3	26.6
Technopolis	TPS1V.HE	-	Finland	7.90	EUR	4.4	8.0	-	0.15	1.9	0.37	0.41	(40.8)	9.9	21.2	19.3	N/A
Acanthe Developement	CFMP.PA	-	France	3.28	EUR	(5.0)	(0.8)	-	0.27	8.2	0.17	0.16	41.7	(5.9)	19.3	20.5	14.6
Affine	BTPP.PA	-	France	141.20	EUR	3.3	6.2	-	4.73	3.3	6.50	8.73	(18.2)	34.3	21.7	16.2	8.9
Icade	ICA.PA	-	France	58.37	EUR	22.0	25.4	-	1.09	1.9	1.70	1.85	(24.7)	8.8	34.4	31.6	19.8
Mercialys	MERY.PA	-	France	29.50	EUR	(2.3)	0.4	-	0.79	2.7	0.95	1.04	15.2	9.5	31.1	28.4	25.6
Societe de la Tour Eiffel	TEIF.PA	-	France	136.97	EUR	2.2	5.7	-	5.93	4.3	5.94	6.32	21.9	6.3	23.1	21.7	21.3
Colonia Real Estate	KBUG.DE	-	Germany	37.19	EUR	1.3	4.2	-	0.00	0.0	3.27	3.56	62.8	8.8	11.4	10.4	7.6
Deutsche Wohnen AG	DWNGn.DE	-	Germany	45.90	EUR	(10.0)	(7.5)	-	1.85	4.0	1.13	1.26	N/A	11.5	40.7	36.5	19.0
Dt Euroshop Na	DEQGN.DE	-	Germany	60.00	EUR	6.8	9.9	-	2.06	3.4	2.61	3.52	(41.6)	35.2	23.0	17.0	22.5
Gagfah	GFJG.DE	-	Germany	20.75	EUR	(12.2)	(9.3)	-	0.76	3.6	1.18	1.36	58.2	15.2	17.6	15.2	21.0
Babis Vovos International	VOVr.AT	-	Greece	27.98	EUR	(4.2)	(1.5)	-	0.47	1.7	3.28	3.38	29.3	2.8	8.5	8.3	7.8
Lamda Develop/R	LMDr.AT	-	Greece	14.48	EUR	23.1	26.6	-	0.18	1.2	1.25	1.77	(40.7)	42.2	11.6	8.2	11.9
Nieuwe Steen Inv	NSTEc.AS	-	Nthrlnds	22.07	EUR	0.2	3.6	-	1.40	6.3	1.35	1.38	(41.0)	2.2	16.4	16.1	15.3
ProLogis European Properties	PEPR.AS	-	Nthrlnds	15.50	EUR	4.7	8.1	-	0.84	5.4	0.87	0.81	4.2	(7.2)	17.8	19.2	16.5
Vastned Offind	VWNN.AS	-	Nthrlnds	31.24	EUR	5.0	8.0	-	1.78	5.7	1.74	1.88	(33.6)	7.6	17.9	16.7	14.8
Vastned Retail	VASN.AS	-	Nthrlnds	75.50	EUR	1.4	5.4	-	3.96	5.2	3.94	4.15	6.4	5.4	19.2	18.2	17.3
Wereldhave	WEHA.AS	-	Nthrlnds	111.21	EUR	14.8	19.5	-	4.64	4.2	5.13	5.29	(0.3)	3.2	21.7	21.0	19.3
Aedes	AEDI.MI	-	Italy	6.90	EUR	12.4	15.6	-	0.24	3.4	0.31	0.34	1.3	8.0	22.1	20.5	22.3
Beni Stabili	BNSI.MI	-	Italy	1.27	EUR	5.3	8.3	-	0.03	2.3	0.04	0.06	(70.8)	71.4	36.4	21.2	17.4
Immobiliare Grande Dist.	IGD.MI	-	Italy	4.29	EUR	15.7	19.0	-	0.05	1.1	0.11	0.19	9.6	65.8	37.6	22.7	33.2
Risanamento	RN.MI	-	Italy	8.04	EUR	(1.3)	1.5	-	0.11	1.4	0.88	0.68	N/A	(23.2)	9.1	11.9	16.4
Renta Corp Real Estate	REN.MC	-	Spain	37													

Figure 36. Global Property Hunter – Europe, Uncovered (continued)

Citigroup Investment Research Reuters Ticker	Country	NAV/ Share	Prem/ (Disc) to NAV	Equity Mkt Cap (mil)	Enterprise Value (mil)	Net Debt To Ent. Value	Exch Rate	Equity Mkt Cap USD (mil)	Entrprse Val, USD (mil)	EPRA Const	Prop Type	Business Type	EPRA Global Weight	EPRA Region Weight	Model Global Weight	Model Region Weight
<b>EUROPE</b>																
<b>Uncovered</b>																
<b>NAV</b>																
CAIV.VI	Austria	-	-	1,429	1,758	18.7	0.74	1,940	2,386	Y	Diversfd	Dvlpr/Inv	0.2	0.7		
CONW.VI	Austria	-	-	1,401	1,849	24.2	0.74	1,902	2,510	Y	Diversfd	Dvlpr/Inv	0.2	0.7		
IMEA.VI	Austria	-	-	6,308	7,002	9.9	0.74	8,561	9,503	Y	Diversfd	Investor	0.7	3.3		
IMFL.VI	Austria	-	-	5,583	10,607	47.4	0.74	7,577	14,396	Y	Diversfd	Investor	0.6	2.9		
SIMlg.VI	Austria	-	-	893	N/A	N/A	0.74	1,212	N/A	Y	Diversfd	Investor	0.1	0.5		
BEFlt.BR	Belgium	-	-	932	1,323	29.6	0.74	1,265	1,796	Y	Office	Investor	0.1	0.5		
COFlt.BR	Belgium	-	-	1,537	2,704	43.2	0.74	2,085	3,670	Y	Office	Investor	0.2	0.8		
PRIF.BR	Belgium	-	-	458	714	35.9	0.74	621	969	Y	Office	Investor	0.1	0.2		
LNRE.BR	Belgium	-	-	332	551	39.8	0.74	451	748	Y	Office	Investor	0.0	0.2		
WDPP.BR	Belgium	-	-	447	615	27.3	0.74	606	834	Y	Indstrl	Investor	0.1	0.2		
WEHAe.BR	Belgium	-	-	363	359	-	0.74	493	488	Y	Diversfd	Investor	0.0	0.2		
KEOPS.CO	Denmark	-	-	3,519	17,456	79.8	5.49	641	3,179	Y	Diversfd	Dvlpr	0.1	0.2		
TKDV.CO	Denmark	-	-	3,314	3,447	3.8	5.49	604	628	Y	Diversfd	Dvlpr/Inv	0.1	0.2		
AGR.L	UK	-	-	519	504	-	0.50	1,042	1,011	Y	Residntl	Investor	0.1	0.4		
BYG.L	UK	-	-	772	926	16.7	0.50	1,550	1,860	Y	Indstrl	Investor	0.1	0.6		
BLND.L	UK	16.24	(6.4)	8,053	14,656	45.1	0.50	16,171	29,431	Y	Diversfd	Investor	1.4	6.2		
CAL.L	UK	11.84	35.5	1,170	1,591	26.5	0.50	2,349	3,195	Y	Retail	Investor	0.2	0.9		
CLIL	UK	-	-	537	1,064	49.5	0.50	1,079	2,136	Y	Diversfd	Investor	0.1	0.4		
DJAN.L	UK	-	-	840	932	9.9	0.50	1,686	1,871	Y	Diversfd	Investor	0.1	0.6		
DSC.L	UK	-	-	250	265	5.7	0.50	501	531	Y	Diversfd	Dvlpr	0.0	0.2		
FCPT.L	UK	-	-	981	N/A	N/A	0.50	1,970	N/A	Y	Diversfd	Investor	0.2	0.8		
FPR.L	UK	-	-	155	186	16.7	0.50	311	373	Y	Retail	Investor	0.0	0.1		
GRI.L	UK	-	-	837	1,891	55.8	0.50	1,680	3,797	Y	Residntl	Investor	0.1	0.6		
GPOR.L	UK	5.13	50.9	1,410	1,791	21.3	0.50	2,831	3,596	Y	Office	Investor	0.2	1.1		
HLCL.L	UK	-	-	411	403	-	0.50	825	809	Y	Diversfd	Dvlpr	0.1	0.3		
IRET.L	UK	-	-	395	N/A	N/A	0.50	794	N/A	Y	Diversfd	Investor	0.1	0.3		
IFD.L	UK	-	-	471	N/A	N/A	0.50	946	N/A	Y	Diversfd	Investor	0.1	0.4		
IPL.L	UK	-	-	189	N/A	N/A	0.50	379	N/A	Y	Diversfd	Investor	0.0	0.1		
IPT.L	UK	-	-	112	N/A	N/A	0.50	226	N/A	Y	Diversfd	Investor	0.0	0.1		
IRP.L	UK	-	-	151	N/A	N/A	0.50	303	N/A	Y	Diversfd	Investor	0.0	0.1		
LAND.L	UK	21.21	(1.1)	10,039	14,154	29.1	0.50	20,158	28,423	Y	Diversfd	Investor	1.7	7.7		
LIL.L	UK	13.61	(8.9)	4,524	7,465	39.4	0.50	9,085	14,991	Y	Diversfd	Investor	0.8	3.5		
DLN.L	UK	-	-	2,289	2,633	13.0	0.50	4,597	5,287	Y	Office	Investor	0.4	1.8		
MAY.L	UK	23.53	62.3	1,137	2,355	51.7	0.50	2,284	4,728	Y	Office	Investor	0.2	0.9		
MWB.L	UK	-	-	235	539	56.3	0.50	473	1,082	Y	Diversfd	Investor	0.0	0.2		
MKLW.L	UK	-	-	275	294	6.5	0.50	552	591	Y	Indstrl	Investor	0.0	0.2		
PLAZ.L	UK	-	-	752	594	-	0.50	1,511	1,194	Y	Retail	Investor	0.1	0.6		
PHP.L	UK	-	-	107	N/A	N/A	0.50	214	N/A	Y	Hlthcare	Investor	0.0	0.1		
QED.L	UK	6.09	46.2	1,163	1,431	18.7	0.50	2,336	2,873	Y	Diversfd	Dvlpr	0.2	0.9		
SHB.L	UK	5.90	29.6	1,046	1,506	30.6	0.50	2,099	3,023	Y	Office	Investor	0.2	0.8		
SMP.L	UK	-	-	842	893	5.7	0.50	1,691	1,793	Y	Diversfd	Dvlpr	0.1	0.6		
SLIL	UK	-	-	128	N/A	N/A	0.50	256	N/A	Y	Diversfd	Investor	0.0	0.1		
TAP.L	UK	-	-	162	N/A	N/A	0.50	326	N/A	Y	Diversfd	Investor	0.0	0.1		
UBR.L	UK	-	-	278	N/A	N/A	0.50	557	N/A	Y	Diversfd	Investor	0.0	0.2		
UTG.L	UK	-	-	652	1,063	38.7	0.50	1,310	2,135	Y	Residntl	Dvlpr	0.1	0.5		
WPF.L	UK	-	-	177	N/A	N/A	0.50	355	N/A	Y	Diversfd	Investor	0.0	0.1		
WKP.L	UK	-	-	863	1,208	28.6	0.50	1,732	2,425	Y	Indstrl	Investor	0.1	0.7		
NPRO.OL	Norway	-	-	7,463	N/A	N/A	5.96	1,252	N/A	Y	Office	Investor	0.1	0.5		
CTY1S.HE	Finland	-	-	1,075	1,886	43.0	0.74	1,459	2,560	Y	Diversfd	Investor	0.1	0.6		
SDA1V.HE	Finland	-	-	1,418	3,403	58.3	0.74	1,924	4,618	Y	Diversfd	Investor	0.2	0.7		
TPS1V.HE	Finland	-	-	305	N/A	N/A	0.74	413	N/A	Y	Office	Investor	0.0	0.2		
CFMP.PA	France	-	-	273	257	-	0.74	371	349	Y	Diversfd	Investor	0.0	0.1		
BTPP.PA	France	-	-	387	736	47.4	0.74	526	999	Y	Diversfd	Dvlpr	0.0	0.2		
ICA.PA	France	-	-	5,483	6,525	16.0	0.74	7,442	8,856	Y	Diversfd	Investor	0.6	2.8		
MERY.PA	France	-	-	2,105	2,126	1.0	0.74	2,857	2,885	Y	Retail	Investor	0.2	1.1		
TEIF.PA	France	-	-	711	1,024	30.6	0.74	965	1,389	Y	Diversfd	Investor	0.1	0.4		
KBUG.DE	Germany	-	-	569	649	12.3	0.74	773	881	Y	Residntl	Investor	0.1	0.3		
DWNGn.DE	Germany	-	-	896	1,317	32.0	0.74	1,216	1,788	Y	Residntl	Investor	0.1	0.5		
DEQGN.DE	Germany	-	-	1,030	1,791	42.5	0.74	1,397	2,431	Y	Retail	Investor	0.1	0.5		
GFJG.DE	Germany	-	-	4,554	10,030	54.6	0.74	6,181	13,613	Y	Residntl	Investor	0.5	2.4		
VOVr.AT	Greece	-	-	943	1,423	33.8	0.74	1,279	1,932	Y	Diversfd	Investor	0.1	0.5		
LMDr.AT	Greece	-	-	640	877	27.0	0.74	869	1,190	Y	Diversfd	Dvlpr	0.1	0.3		
NSTEc.AS	Nthrlnds	-	-	786	1,407	44.1	0.74	1,067	1,910	Y	Diversfd	Dvlpr	0.1	0.4		
PEPR.AS	Nthrlnds	-	-	2,868	4,551	37.0	0.74	3,893	6,177	Y	Indstrl	Investor	0.3	1.5		
VWNN.AS	Nthrlnds	-	-	649	1,305	50.2	0.74	881	1,772	Y	Office	Investor	0.1	0.3		
VASN.AS	Nthrlnds	-	-	1,291	1,936	33.3	0.74	1,752	2,628	Y	Retail	Investor	0.1	0.7		
WEHA.AS	Nthrlnds	-	-	2,299	2,989	23.1	0.74	3,120	4,057	Y	Diversfd	Investor	0.3	1.2		
AEDI.MI	Italy	-	-	712	1,218	41.5	0.74	966	1,652	Y	Diversfd	Investor	0.1	0.4		
BNSI.MI	Italy	-	-	2,143	3,515	39.0	0.74	2,909	4,771	Y	Diversfd	Investor	0.2	1.1		
IGD.MI	Italy	-	-	1,181	1,560	24.2	0.74	1,604	2,117	Y	Retail	Investor	0.1	0.6		
RN.MI	Italy	-	-	2,166	2,448	11.5	0.74	2,940	3,322	Y	Office	Dvlpr/Inv	0.2	1.1		
REN.MC	Spain	-	-	952	1,456	34.6	0.74	1,291	1,976	Y	Diversfd	Dvlpr	0.1	0.5		
CAST.ST	Sweden	-	-	17,408	28,028	37.9	6.78	2,567	4,133	Y	Diversfd	Investor	0.2	1.0		
FABG.ST	Sweden	-	-	18,285	33,095	44.8	6.78	2,696	4,880	Y	Diversfd	Investor	0.2	1.0		
HUFVa.ST	Sweden	-	-	16,950	N/A	N/A	6.78	2,500	N/A	Y	Diversfd	Investor	0.2	1.0		
KLOV.ST	Sweden	-	-	5,427	12,212	55.6	6.78	800	1,801	Y	Office	Investor	0.1	0.3		
KLED.ST	Sweden	-	-	19,022	31,576	39.8	6.78	2,805	4,657	Y	Diversfd	Investor	0.2	1.1		
WIHL.ST	Sweden	-	-	6,235	18,456	66.2	6.78	920	2,722	Y	Diversfd	Investor	0.1	0.4		
ALLN.S	Switzrld	-	-	1,498	1,768	15.3	1.21	1,239	1,462	Y	Diversfd	Investor	0.1	0.5		
PSPN.S	Switzrld	-	-	3,492	5,342	34.6	1.21	2,889	4,419	Y	Office	Investor	0.2	1.1		
SPSN.S	Switzrld	-	-	1,886	3,753	49.7	1.21	1,560	3,105	Y	Office	Investor	0.1	0.6		
ZUBN.S																



## Currency Outlook for 2007

Two important considerations for global returns are the foreign exchange repatriation and macro economic conditions in each country. We have provided property returns based in local currency; however, these returns could be above or below those expectations when converted into the investor's currency. In Figure 37 below, we highlight the foreign exchange forecasts of the major currencies relative to the U.S. dollar and Euro on a quarterly and annual basis.

**Figure 37. Foreign Exchange Forecasts (End of Period) as of March 29, 2007**

Foreign Exchange Forecasts				
Exchange Rate	vs. US \$			
	Mar-07	2007	2008	2009
United States	N/A	N/A	N/A	N/A
Euro Area <sup>1</sup>	1.34	1.28	1.24	1.26
Japan	118	120	114	104
Australia <sup>2</sup>	0.81	0.79	0.78	0.77
New Zealand <sup>3</sup>	0.71	0.68	0.65	0.64
United Kingdom <sup>4</sup>	1.96	1.94	1.93	1.88
China	7.74	7.44	7.11	6.75

Foreign Exchange Forecasts				
Exchange Rate	vs. Euro			
	Mar-07	2007	2008	2009
United States	1.34	1.28	1.24	1.26
Euro Area <sup>1</sup>	N/A	N/A	N/A	N/A
Japan	157	152	141	131
Australia <sup>2</sup>	1.65	1.61	1.60	1.63
New Zealand <sup>3</sup>	1.87	1.89	1.92	1.98
United Kingdom <sup>4</sup>	0.68	0.66	0.64	0.67
China	10.32	9.49	9.63	9.75

Source: Citigroup

Notes: 1) US\$/€, 2) US\$/A\$, 3) US\$/NZ\$, 4) US\$/£

## Global Economic Outlook

The most likely outcome for financial markets in 2007 is benign. Citigroup economists do not expect interest rates to move far from recent trading ranges in most industrial countries. We show below the major macro economic drivers on a country basis. GDP growth, on a global basis, is estimated at 3.6% in 2007. China leads the group at robust 10.3% expected 2007 GDP growth. Short-term and longer term interest rates are expected to rise in most regions, except the US which will likely see a decline, in 2007. In 2008 rates are forecasted to dip a little in some regions while increasing marginally in others (see Figure 39).

**Figure 38. Global Economic Indicators**

Country	GDP Growth			CPI Inflation		
	2006F	2007F	2008F	2006F	2007F	2008F
<b>Global</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>2.6%</b>
<b>Industrial</b>	<b>2.9%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>Emerging Markets</b>	<b>7.0%</b>	<b>6.6%</b>	<b>6.7%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>5.0%</b>
United States	3.3%	2.4%	3.0%	3.2%	2.2%	2.2%
Japan	2.2%	2.5%	2.3%	0.2%	-0.1%	0.3%
Euro Area	2.8%	2.4%	2.3%	2.2%	1.8%	1.8%
Australia	2.7%	3.1%	4.1%	3.5%	2.7%	2.7%
New Zealand	1.7%	3.0%	2.5%	3.4%	2.3%	2.6%
United Kingdom	2.8%	3.1%	2.8%	2.3%	2.3%	2.1%
China	10.7%	10.3%	10.7%	1.5%	3.0%	4.5%

Source: Citigroup

Note: The above data is based off of estimates as of March 29, 2007

Figure 39. Interest Rate Forecasts

Country	Short-Term Interest Rates			10 year Yields		
	2006E	2007E	2008E	2006E	2007E	2008E
United States	5.25%	5.00%	5.00%	4.79%	4.70%	5.00%
Japan	0.25%	0.52%	1.06%	1.67%	1.79%	2.00%
Euro Area	3.25%	3.75%	3.90%	3.72%	3.95%	4.15%
Australia	6.25%	6.42%	6.00%	5.57%	5.96%	5.80%
New Zealand	7.25%	7.50%	6.50%	5.74%	6.06%	5.75%
United Kingdom	5.00%	5.40%	5.75%	4.55%	4.90%	5.00%
China	6.12%	6.93%	6.35%	N/A	N/A	N/A

Country	Change in ST Rates			Change in 10 year Yields		
	2007E	2008E	2009E	2007E	2008E	2009E
United States	-0.25%	0.00%	N/A	-0.09%	0.30%	N/A
Japan	0.27%	0.54%	0.44%	0.12%	0.21%	-0.20%
Euro Area	0.50%	0.15%	-0.15%	0.23%	0.20%	0.00%
Australia	0.17%	-0.42%	-0.50%	0.39%	-0.16%	0.10%
New Zealand	0.25%	-1.00%	-0.50%	0.32%	-0.31%	0.25%
United Kingdom	0.40%	0.35%	0.00%	0.35%	0.10%	0.10%
China	N/A	-0.58%	N/A	N/A	N/A	N/A

Source: Citigroup

Note: The above data is based off of estimates as of March 29, 2007

## North America

### *United States*

Broad-based dollar weakness likely will persist near term, but Citigroup economists expect the dollar to rebound as U.S. economic activity regains momentum in the second half. Yet, the dollar likely will drift lower against emerging Asia over time, as a rising yuan allows broad regional currency gains. Market participants have resumed risk-taking as market volatility subsided from the elevated levels of early March. With the past month's recent volatility largely unrelated to fundamentals, this pattern suggests that carry trades will gain popularity, buoying high-yielding G10 currencies while the yen remains weak.

The dollar weakened across the board since late January, as soft data releases and the woes of the subprime sector of the U.S. mortgage market sparked renewed investor concern about the breadth and depth of the U.S. economic slowdown. A return to trend growth in the second half of 2007 as the drag from housing fades, along with easing inflation pressures, should again underscore the attractiveness of U.S. assets, buoying the dollar. Nevertheless, the headwinds in the housing market are stronger than we had anticipated, and while there are no signs yet of a spillover into broader consumer weakness, corporate capital spending has softened. Moreover, with the housing slump's labor market fallout likely to emerge soon and more bad news from the mortgage market still ahead, market uncertainty about the U.S. outlook probably will remain elevated near term. Against this backdrop, Citigroup economists have trimmed expectations for dollar gains.

## Asia

### *Japan*

The yen remains by far the weakest of the major currencies. Yen undervaluation (by past norms) appears to reflect the Bank of Japan's (BoJ) highly accommodative stance, which has fueled capital outflows at a time when strong economic performance has underpinned Japanese investor attitudes toward risk-taking. Dovish BoJ rhetoric and falling core consumer prices likely will keep long-term JGB yields low, buoying the equity market and sustaining the yen's status as the preeminent funding currency for carry trades. Gradual BoJ policy normalization eventually should undercut the yen carry trade, lifting JGB yields and the yen, but this scenario is unlikely to pan out before 2008.

### *China/Hong Kong and Taiwan*

Dollar weakness likely will shift toward emerging market currencies, particularly in Asia. Modest yuan gains have failed to cap China's surging trade surplus. Facing international pressure and aiming to reduce China's dependence on exports, the authorities likely will allow a steeper yuan rise. Appreciation by a key competitor and export market should spur policymakers elsewhere in emerging Asia to allow faster currency increases, helping to slow unwanted capital inflows. Yen weakness could temper gains by the Korean won and Taiwan dollar, but it is unlikely to reverse regional gains.

### *Malaysia*

Bank Negara Malaysia unveiled further capital control liberalization measures in its annual report. The relaxation represents a continuation of the gradual liberalization of capital controls, going beyond the measures introduced in the aftermath of the Asian crisis. However, the last significant leg of the controls – the non-tradability offshore or noninternationalization of the ringgit – remains. We expect this last piece to be removed by the end of this year, particularly if the rapid pace of increase in foreign reserves continues. Foreign reserves have climbed to US\$87.3bn at mid-March, up some US\$4.8bn in this year alone and up from US\$70.2bn at end-2005.

We remain bullish on our MYR view. Banks currently constrained by their open limit positions in their long MYR positions can now increase their positions given the relaxation. The measures – along with the scrapping of property gains tax, easing of investment rules for the Iskandar Development Region and official plans to divest shares of government-linked companies into exchange traded funds – are stock market friendly, particularly for property and banks. Exporters appear to be coping with modest MYR appreciation. Further equity capital inflows would continue to support the MYR outlook.

### *India*

We recommend a long position in the rupee and an underweight position in local bonds, according to Citigroup Strategist Lewis Alexander. The Citigroup Strategy team maintains a 9.3% GDP estimate for fiscal year 2008. The budget, presented at the end of February, posted no surprises and continued the process of fiscal consolidation by adhering to the Fiscal Responsibility and Budget Management March 29, 2007 Global Economic Outlook and Strategy (FRBM) targets, phasing out exemptions and widening the tax base. While the fiscal deficit came in at 3.7% last year, the deficit for fiscal year 2008 has been targeted at 3.3% of GDP, in line with the FRBM targets.

Headline inflation numbers are expected to remain in the 5.5%–6.5% range for the next three months. However, we maintain our view that headline inflation is likely to ease to about 5% by May, on the back of monetary and fiscal measures, the base effect, and the likely government measures to keep prices in control during this election period. We continue to expect 2007 to be the year of multiple policy instruments, so that the Reserve Bank of India could continue to use tools such as the cash reserve ratio and the statutory liquidity ratio. While the rupee market is likely to remain choppy near term, given the strong external account, we maintain our long-term rupee appreciation view.

### ***Singapore***

According to Citigroup Economists Moh Siong Sim and Dr. Hak Bin Chua, the SGD is expected to appreciate at a more modest pace as compared to the past year. The MAS is expected to maintain their current policy stance of a modest and gradual appreciation in the exchange rate. We expect the SGD to strengthen to about 1.48 against the USD by end-07 and 1.41 by end-08, in tandem with other Asian currencies and led by the Chinese renminbi.

Singapore interest rates are expected to rise slightly over the next 3 to 6 months before easing downwards in the second half of this year on a US Fed rate cut. The MAS may prefer lower short-term interest rates to reduce capital inflows and curb money growth. The 3-month interbank rates are expected to be at about 3% at end-07 and hold at around those levels for most of 2008.

### ***Thailand***

The obvious imminent interest rate cut in Thailand would definitely weigh down on an unusually strong currency at the moment. Although facing heavy criticism, The Bank of Thailand's (BOT) unpopular 30% capital control measure showed its seriousness about protecting the well-being of Thai exporters. With such policy relaxed, BOT needs to find another tool to curb the currency speculation. We believe BOT would use the interest rate, given the benign inflation environment. With domestic economy remains weak and interest rate trending down, the Baht is expected to be stable in 2Q07, but could depreciate in 2H07.

## **Australia and New Zealand**

### ***Australia***

In late March, Citigroup changed its view on monetary policy and also provided an update on inflation. Therefore, while our base case was for no change in rates this year, we have consistently emphasized that the risk to both inflation and interest rates was to the upside.

We have updated our inflation model to incorporate both the December qtr 2006 national accounts data, the partial indicator data that has been released for the March qtr 2007 and the recently released ABARE forecasts for farm sector GDP.

We continue to expect underlying inflation to begin to show from its current pace of growth, but we now expect it to drift back to reach the middle of the RBA's target band of Q2 2008, before it begins to rise again into 2009.

On our forecasts, inflation is likely to remain in the top half of the 2%–3% target band on a 12–18 month view, in-line with Citigroup economist forecasts. The bond market has recently moved to price in the high risk of a further policy

tightening this year, therefore, it is unlikely that yields will sell-off dramatically on the actual tightening. The increase in the cash rate suggests that the price pressure for the Australian yield curve to invert will remain in place.

It is unlikely that the AUD would derive significant further upward momentum for a rate hike next month, but such a move is likely to continue to support the AUD at the top end of its recent trading range.

### ***New Zealand***

The Citigroup New Zealand Property team expects the NZD to remain high this quarter, but for the second half of the year to trade around \$US0.66 cents as expectations for further rate hikes fade and heavy uridashi redemptions weigh on the currency.

## **Europe**

### ***Eurozone***

After the 25-basis-point rate hike in March and confirmation that inflation is under control, the ECB probably will wait to reassess the growth outlook before moving rates again. If, as expected, growth reaccelerates later this year, another rate hike (to 4.0%) appears probable, perhaps in the third quarter. The ECB could move as early as the second quarter if, for example, GDP growth surprises again on the upside in the first quarter or credit growth remains dynamic. However, the next move could be delayed to the fourth quarter if inflation surprises again on the downside.

Dollar appreciation against the euro has stalled in recent weeks but should regain momentum in coming months. Citigroup's forecasts for the EUR-USD exchange rate point to \$1.26 level in Q1 2008 (vs. \$1.33 at end March 07). We expect the GBP to strengthen against the EUR at around €1:£0.65 in Q1 2008 (vs. €1:£0.68 at end March 07).

### ***UK***

Our economists are expecting a 25bp rise in base rates in either April or May and are open to the possibility for a further 25bp rise this year given the Bank of England's inflation concerns. With this, Citigroup's forecasts for the GBP-USD exchange rate suggest that it will not shift much from the \$1.96-\$1.98 level. We expect similar stability in the GBP-EUR exchange rate at around €1.54:£1.

## **Latin America**

### ***Argentina***

Against the backdrop of our positive sector view on Argentina's real estate market, Citigroup's economists have a somewhat cautious outlook on Argentina's economy. On one level, our colleagues expect strong economic growth (real GDP growth of 7.1% for 2007E and 3.3% for 2008E). However, annual average inflation remains stubborn, at 9.6% and 11.5%, respectively. On the surface, the ongoing need to contain inflation through higher interest rates is a potentially negative signal for a rebound in middle- and upper middle-income mortgages. On the flipside, we continue to hear speculation that the Kirchner administration might induce the Argentine banks to offer more mortgages to the above-mentioned economic classes.

# Global NAV Calculation

Figure 40. Global NAV Calculation

	How is NAV Calculated?	How Do You Come Up with the Cap Rates that You Use?	How are Developments Valued?	Do Companies Publish NAV?	Is Company-Published NAV Conservative?	Are You Seeing NAV Trends in the Country?
Hong Kong/China	The most widely used method for valuing property stocks. NAV measures how much a stock is worth based on the market value of its assets. The NAV discount is then adjusted for the 'realizability' of those assets and the growth potential in that NAV.	Market cap rate and management guidance	Based on the Discount to NAV method			A rising NAV trends for both HK and China Property
Malaysia	NAV is based on prevailing market value of transacted values in the vicinity of the project. If the data is not available, use a net present value methodology to estimate to value of the project.		Developments are valued on a comparison basis or a net present value basis	The companies do published NAVs on a quarterly basis but this is not revalued NAV and is essentially book value less intangible assets	These are normally quite conservative as they are based on book values. Unless the properties concerned are investment properties, not normally marked to market.	Heading higher on expectations that capital values of landbank are on the rise. Demand for residential and commercial properties in prime areas remains strong.
Japan	<p><b>For J-REITs:</b></p> <ul style="list-style-type: none"> <li>Asset value + cash/equivalents – debt +/- other items</li> <li>Asset value = Forecast NOI/ cap rate</li> </ul> <p><b>For real estate firms:</b></p> <ul style="list-style-type: none"> <li>Leasing asset value + non-leasing asset business value + cash and deposits – interest-bearing liabilities – deposits and guarantees received +/- other balance sheet items</li> <li>Real estate value = Forecast NOI/cap rate</li> <li>Real estate firms do not normally disclose NOI, as a proxy we use operating cash flow.. Operating cash flow includes SG&amp;A expenses, so it tends to be lower than NOI.</li> </ul>	<p>Approximated from transactions in the market.</p> <p><b>For J-REITs:</b> Cap rate = Actual NOI for the most recent period/real estate valuation conducted by a third party appraiser</p> <p><b>For Real Estate Firms:</b> Disclosure on individual properties limited, we use one cap rate for entire portfolio.</p>	<p><b>J-REITs</b> are not allowed to undertake development.</p> <p>For <b>real estate firms</b>, undeveloped projects are valued at the acquisition price, at which they are booked on the balance sheet.</p>	<p><b>J-REITs</b> do not announce NAV, but they do disclose third-party appraisal value for all of their properties at their six-monthly results.</p> <p><b>Real estate firms</b> do not disclose.</p>		
Australia	<ul style="list-style-type: none"> <li>Traditional methodology for REITs has been a 5 stage DDM. NPV has been a proxy for NAV.</li> <li>Recently implemented NAV, using a spot cap rate on the next 12-mos NOI at an spot cap rate.</li> <li>For dev profits/mgmt fees, we use an EV/EBIT. Net debt is deducted to derive net assets.</li> <li>For the 'externally managed' REITs we make a suitable deduction for mgmt fees. For REITs with offshore earnings &amp; hedging we make an allowance for any Present Value (PV) of hedging benefit/loss, and translate any equity that is hedged at the hedge rate.</li> </ul>	<p>REITs are now required to mark real estate assets to market at each reporting period using either external valuation or director's valuations.</p> <p>Cap rates are assessed from the most recent arms length real estate transaction for comparable assets.</p>	<p>Forecast 5 year development pipeline (by cap ex) and forecast a development yield. The spread between the development yield and property yield is the development profit of the pipeline, we then calculate the PV of the development profit, discounted at the cost of capital.</p>	<p>Our REITs do not publish NAVs. Most REITs publish NTA (net tangible assets) a balance sheet measure. It ignores any intangible assets if there are Corporation earnings. NTA is only a suitable proxy for the minority of the sector (externally managed REITs).</p>	<p>- REIT NTAs are generally conservative because of the 6+ month lag between the re-valuation.</p> <p>- Intangible assets generally relate to acquisition accounting</p>	<p>NAV trends have been similar to the US, NAVs have been increasing as cap rates have declined. Also, NAVs for the Staples have been increasing as EBIT multiples on operating businesses have expanded.</p>
New Zealand	<ul style="list-style-type: none"> <li>NAV is not used in relation to NZ listed property.</li> <li>We calculate a valuation and target price using a DCF valuation and comparative yields. We calculate the terminal value for our DCF valuation as equal to NOPAT/(WACC-g), rather than using property cap rates.</li> <li>We also consider the break up valuation for the portfolio based on last published NTA, with a rough adjustment for any movements since last revaluation.</li> </ul>	<p>Our DCF valuation does not utilize cap rates.</p> <p>We do not formally forecast changes in Net Tangible Asset (NTA) since the last revaluation (performed annually).</p>	<p>At cost, with any contribution to yield on completion considered as part of a comparative yield analysis.</p>	<p>Publish their NTA annually via third party revaluations. Implementation of IFRS will significantly lower NTAs as it includes new items, most notably deferred tax, but should bring NTA closer to the break up value, though lacking a "portfolio premium".</p>	<p>Depends on underlying valuation trends. Will be too low during periods of appreciation and too high if valuations fall. NTA lags market values by up to 12 months.</p>	<p>Strong firming of cap rates across the board, most significantly for Retail property, with CBD Office also strong.</p>

Source: Citigroup Investment Research

Figure 41. Global NAV Calculation (continued)

	How is NAV Calculated?	How Do You Come Up with the Cap Rates that You Use?	How are Developments Valued?	Do Companies Publish NAV?	Is Company-Published NAV Conservative?	Are You Seeing NAV Trends in the Country?
United States	Gross asset value is calculated by applying a spot cap rate to annualized NOI and adding in the value creation from developments (present value of developments valued at yield less costs). Adjusting for net debt and other assets and liabilities provides NAV.	Comparable companies and transactions.	We forecast a development yield on the development pipeline. The spread between the development yield and property yield is the development profit of the pipeline, we then calculate the PV of the development profit, discounted at the cost of capital.	Some, not required.		NAVs increasing as cap rates decline.
UK & Europe	We usually forecast three main types of NAV (ranking from least to most favourable): 1. IFRS NAV = Shareholders Equity = which includes mark-to-market portfolio revaluation of (which went through the P&L) - therefore reflected in the net income for the current year. This is net of dividends payable and latent capital gains (deferred tax liabilities). 2. EPRA NNAV = with mark-to-market of debt and financial instruments and a discounted capital gain taxes (instead of bearing the full nominal amount) + Market value of pipeline projects when applicable 3. EPRA NAV = before all nominal capital gain taxes + Market value of pipeline projects when applicable	Our forward cap rates assumptions are based on: 1. relative company portfolio attributes 2. asset class attractiveness / trends in light of property brokers' reports, market evidences, Real Estate funds inflows, etc..	<b>Continental Europe:</b> Developments are valued at historical cost, but rules are inconsistent among the different countries and legislations.  <b>UK:</b> Companies have the option to mark-to-market their developments on their balance sheets. Surveyors are discounting the value to take into account risks (construction, letting) & time. Still delivering developments has a positive impact on NAV.	Most companies report NAV at least on a semi-annual basis (some publish quarterly NAV factoring in NOI growth only) and increasingly tend to follow the EPRA guidelines.	The NAV is as conservative as the external valuation can be skewed (surveyors lag being a function of direct market liquidity/evidences) and ultimately is influenced by the relationship between the company and its surveyor. It is fair to say that it is also a function of the liquidity of the investment market. If the market is liquid, then the lagging effect would be lower.	<b>UK:</b> Property companies have traded on an avg 20% discount. Sector has rarely been on a premium, but the market was also pricing embedded capital gain tax liabilities that have been removed by the REIT regime. UK NAVs are more geared to market rents variation due to the Upwards Only Rent Review feature of the UK lease.  <b>Europe:</b> Most of Europe has traded at big discounts to NAVs (on average 25% to 35%).
Thailand	Adjust the equity book value of each property company with the difference between market value of and book value of its land banks. Market value information is obtained from the independent appraiser. We also adjust for market value of any investment the company might have.	We obtain cap rate information from the third party appraiser	Value Thai property companies using P/E as the stock tracks earning momentum rather than NAV. However, we also use DCF to value development projects as a cross check.	No		NAV has been gradually rising as land prices in Bangkok continue to rise especially in the past two years.
Singapore	Forward-looking Revalued Net Asset Value (RNAV) derived by estimating the contributions from residential developments, investment properties, & stakes in listed entities. Residential developments- Calculate the surplus by taking the NPV of the potential profit from the developers' landbank. Investment properties- Revalue based on forward rental rates and capital values. Investments in listed entities- Mark to market the valuation.	We are conservative and use an average 5% cap rate, which is approximately 200 bps above the long term average Singapore Government 10-year bond yield of 3%. The 5% cap rate is often used as a guide for transactions.	Developments are valued based on our estimates of the average selling price of the projects, with reference to recently transacted prices of comparable properties.	Yes, in their quarterly earnings release. However, valuation of investment properties, sometimes only once a year (FY end). Hence, book value does not may not reflect current market conditions.	Conservative in a rising market as it is based on historic valuation. Also, landbank are often stated at the lower of cost or market value. So, surpluses from the landbank is also not reflected in published NAV.	We see an upward NAV trend in the residential, office and hotel markets in Singapore with the rising valuations.

Source: Citigroup Investment Research

## Notes to The Global Hunter

The Global Hunter – The Citigroup Investment Research Global Property Comp Sheet

The Citigroup REIT Research Team will send this spreadsheet on a weekly basis with updated data points.

### The Global Hunter includes the following:

- The **Top Picks and Blue Chip List**: contains pricing, yield, earnings and valuation data for the Citigroup Top Picks and Blue Chip names, organized by region.
- **Country Recommendations**: contains actual and expected total return data by country and by region as defined by EPRA/NAREIT Global Property Index, as well as country/region weight within our Citigroup Global Model Portfolio.
- The **Large Cap List**: contains pricing, yield, earnings, and valuation data for the largest non-US property companies (those with equity market capitalizations exceeding \$5 billion).
- The **Global Property Hunter**: contains (1) analyst ratings (2) performance data (3) valuation data (4) earnings growth forecasts and (5) key balance sheet ratios for real estate companies worldwide, organized by region.
- **Property Type, Business Type**: presents YTD total return by property type and business type.
- Important Note: Data sources vary by region, as do valuation and earnings metrics. The **Footnotes to and Sources for the Global Hunter** detail the methodology behind the numbers presented.
- All numbers are in local currency unless otherwise specified.



## Footnotes to and Sources for The Global Hunter

Price Target is in local currency terms.

**Rating Key:** 1=Buy, 2=Hold, 3=Sell. Risk: H=High, M=Medium, L=Low, S=Speculative.

**Div Yield:** Calculated by current year dividends per share by the most recent share price. Source: For covered companies, the 2007 expected dividend is based on Citigroup estimates. For uncovered companies, the 2007 expected dividend is based on consensus estimates from Reuters or Factset, depending on availability.

**Earnings:** The quality of and metric for earnings varies by region and by company. Earnings refers to either earnings per share (EPS), funds from operations per share (FFO) or recurring cash flows per share (Rec CF/sh), as delineated above each section in the Global Hunter, depending on the region and which metric Citigroup determines is the most appropriate for a given region or company. Specifically, EPS is used for all companies/regions, except certain covered European stocks (where Rec CF/sh is used), New Zealand companies (where Rec CF/sh is used), covered Japanese REITs (where FFO is used) and US/Canadian companies (where FFO is used). Source: For covered companies, earnings are based on Citigroup estimates. For uncovered companies, earnings are based on consensus estimates from Reuters or Factset, depending on availability.

**Growth:** The percentage change in earnings from 2006 estimates to 2007 estimates.

**Multiple:** The valuation ratio of the current share price divided by 2007 estimated EPS, FFO, or Rec CF/sh depending on which earnings metric is used (see "Earnings").

**EV/EBITDA:** Calculated using total current equity market capitalization plus year-end 2006 debt less year-end 2006 cash (Enterprise Value) divided by 2007 estimated earnings before interest, tax, depreciation and amortization (EBITDA). For covered companies, EV/EBIT (where EBIT is defined as earnings before interest and taxes) is used for Australian and Asian (ex. Japan) companies, as delineated in the Global Hunter. Source: For covered companies, 2007 EBITDA and EBIT are based on Citigroup estimates and net debt and cash are based on Citigroup estimates (or actuals where available) for year-end 2006. For uncovered companies, EV/EBITDA is based on consensus estimates from Bloomberg or Reuters, depending on availability.

**NAV/share:** Estimated net asset value per share, or private market value of the company's real estate net of liabilities on a per share basis. For covered Australian companies, net present value per share (NPV) is used, as delineated in the Global Hunter. For US and Asia Ex-Japan covered companies, the most recent annualized (trailing) quarterly estimate is used. For all other covered companies, 2006 calendar year estimates are used. Source: For covered companies, NAV/sh is based on Citigroup estimates. For uncovered North American companies, NAV is based on consensus estimates from SNL Financial. For uncovered UK companies, NAV is based on company estimates in accordance with EPRA standards as disclosed in the company's most recent interim report. Where EPRA NAV is not disclosed, the company's adjusted estimate is used.

**Prem/Disc to NAV:** Refers to the premium or discount of the current share price to NAV/share, as defined above in “NAV/share”.

**Net Debt to Ent. Value:** Refers to the percentage of total enterprise value comprised by total debt net of cash. The sources for net debt and enterprise value are given under “EV/EBITDA.”

**Equity Market Cap** is shares (and units where appropriate) outstanding x current share price. Data is sourced from Bloomberg or Reuters, depending on availability.

**Enterprise Value** is calculated as Market Capitalization + Net Debt. Sources are given under “EV/EBITDA.”

**Exch Rate:** Units of local currency per US Dollar. Data is sourced from Reuters.

**Business Type:** Refers to whether the company is primarily an owner/manager or developer of real estate assets. Source: Citigroup Investment Research, EPRA/UBS, EPRA/NAREIT.

**Property Type:** Refers to the majority concentration in a particular property type. Source: Citigroup Investment Research, EPRA/NAREIT, EPRA/UBS.

**EPRA Global Weight:** The company's/region's current market cap as a percentage of the total market cap of all EPRA global real estate constituents. Source: EPRA/NAREIT.

**EPRA Region Weight:** The company's current market cap as a percentage of the total market cap of all EPRA constituents within that region. In the Global Hunter, the regions are North America, Europe, Australia, Latin America, New Zealand, Asia (ex. Japan) and Japan.

**Model Global Weight:** The weight we assign for the company or region in our Citigroup Investment Research model portfolio.

**Model Region Weight:** The weight we assign for the company in our Citigroup Investment Research model portfolio, as a percentage of the weight we assign to the region.

**Note on Currency Conversions:** Currency conversions are made based on spot exchange rates quoted on the date the Global Hunter is priced. All figures in the Global Hunter are given in local currency unless otherwise specified. All currency data is sourced from Reuters.

**Note on Price Data:** All price data is sourced from Reuters.

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## Appendix A-1

### Analyst Certification

We, Jonathan Litt and Ambika Goel, research analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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Citigroup is advising Stockland in its acquisition of Halladale.

Citigroup Global Markets Inc. is an advisor to Shurgard Storage Centers Inc in its proposed merger with Public Storage Inc.

Citigroup Global Markets Inc. is an advisor to Spirit Finance Corp in its proposed acquisition by Macquarie Bank Limited, Kaupthing Bank hf. and other equity participants.

Citigroup Global Markets is advising Brookfield Asset Management in the proposed acquisition of Multiplex Group.

Citigroup is advising ProLogis (PLD.N) regarding their proposed acquisition of Macquarie ProLogis Trust (MPR.AX).

Citigroup is advising ProLogis (PLD.N) regarding their proposed acquisition of Macquarie ProLogis Trust (MPR.AX).

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of Realty Income.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of SL Green Realty.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of Simon Property Group.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of Sun Communities.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of United Dominion Realty Trust.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of Vornado Realty Trust.

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Jonathan Litt acts in a fiduciary capacity for an account of a non-profit organization which holds a long position in the shares of Weingarten Realty Investors.

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We are registered Market Makers. Euronext Liquidity Provider Agreement has been signed.

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Macquarie Prologis Trust, Minerva Plc, Mirvac Group Ltd, Mitsubishi Estate, Mitsui Fudosan, National Retail Properties Inc, Nippon Building Fund, Nomura Real Estate Office Fund, NTT Urban Development, ORCO PROPERTY GROUP, Orient Express Hotels Ltd., Orix JREIT, Pacific Management, ProLogis, PS Business Parks, Public Storage, Realty Income, Reckson New York Property Trust, Sacyr-Vallehermoso, Shenzhen Investment, Simon Property Group, SL Green Realty, Spirit Finance, Stockland, Strategic Hotels & Resorts, Sumitomo Realty & Development, Sun Hung Kai Properties, Tanger Factory Outlet Center, The Link REIT, U-Store-It Trust, UDR, Inc, United Urban Investment, Valad Property Group, Ventas Inc, Vornado Realty Trust, Weingarten Realty Investors and Westfield Group.

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#### Citigroup Investment Research Ratings Distribution

*Data current as of 31 March 2007*

	Buy	Hold	Sell
Citigroup Investment Research Global Fundamental Coverage (3215)	45%	40%	15%
<i>% of companies in each rating category that are investment banking clients</i>	45%	42%	32%
Brokers & Asset Managers -- Japan (5)	100%	0%	0%
<i>% of companies in each rating category that are investment banking clients</i>	80%	0%	0%
China -- Asia Pacific (88)	72%	15%	14%
<i>% of companies in each rating category that are investment banking clients</i>	44%	46%	42%
Diversified Commercial Services -- Japan (7)	86%	14%	0%
<i>% of companies in each rating category that are investment banking clients</i>	33%	0%	0%
Emerging Europe/Middle East/Africa (130)	45%	33%	22%
<i>% of companies in each rating category that are investment banking clients</i>	43%	42%	28%

Gaming Equipment -- Japan (1)	100%	0%	0%
<i>% of companies in each rating category that are investment banking clients</i>	0%	0%	0%
Homebuilding -- Japan (3)	33%	67%	0%
<i>% of companies in each rating category that are investment banking clients</i>	100%	0%	0%
Hong Kong -- Asia Pacific (99)	58%	13%	29%
<i>% of companies in each rating category that are investment banking clients</i>	42%	38%	38%
Latin America (111)	44%	32%	23%
<i>% of companies in each rating category that are investment banking clients</i>	57%	42%	46%
Lodging -- Europe (6)	67%	33%	0%
<i>% of companies in each rating category that are investment banking clients</i>	25%	50%	0%
Lodging -- North America (14)	43%	43%	14%
<i>% of companies in each rating category that are investment banking clients</i>	83%	83%	50%
Malaysia -- Asia Pacific (40)	68%	5%	28%
<i>% of companies in each rating category that are investment banking clients</i>	22%	0%	18%
Multi-industry -- North America (14)	29%	64%	7%
<i>% of companies in each rating category that are investment banking clients</i>	100%	56%	100%
Property -- Australia/New Zealand (6)	0%	83%	17%
<i>% of companies in each rating category that are investment banking clients</i>	0%	0%	0%
Property -- Europe (14)	29%	50%	21%
<i>% of companies in each rating category that are investment banking clients</i>	75%	29%	33%
Real Estate Investment Trusts -- Australia/New Zealand (22)	23%	64%	14%
<i>% of companies in each rating category that are investment banking clients</i>	80%	29%	33%
Real Estate Investment Trusts -- Europe (3)	100%	0%	0%
<i>% of companies in each rating category that are investment banking clients</i>	33%	0%	0%
Real Estate Investment Trusts -- Japan (12)	83%	17%	0%
<i>% of companies in each rating category that are investment banking clients</i>	80%	50%	0%
Real Estate Investment Trusts -- North America (66)	5%	64%	32%
<i>% of companies in each rating category that are investment banking clients</i>	100%	52%	14%
Real Estate/Property -- Europe (6)	67%	17%	17%
<i>% of companies in each rating category that are investment banking clients</i>	50%	0%	0%
Real Estate/Property -- Japan (6)	100%	0%	0%
<i>% of companies in each rating category that are investment banking clients</i>	67%	0%	0%
Retailing--Specialty -- Japan (16)	31%	56%	13%
<i>% of companies in each rating category that are investment banking clients</i>	20%	33%	50%
Singapore -- Asia Pacific (48)	50%	17%	33%
<i>% of companies in each rating category that are investment banking clients</i>	54%	25%	19%
Taiwan -- Asia Pacific (91)	66%	20%	14%
<i>% of companies in each rating category that are investment banking clients</i>	17%	6%	23%
Thailand -- Asia Pacific (41)	49%	20%	32%
<i>% of companies in each rating category that are investment banking clients</i>	20%	25%	23%

**Guide to Fundamental Research Investment Ratings:**

Citigroup Investment Research's stock recommendations include a risk rating and an investment rating.

**Risk ratings**, which take into account both price volatility and fundamental criteria, are: Low (L), Medium (M), High (H), and Speculative (S).

**Investment ratings** are a function of Citigroup Investment Research's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating.

For securities in developed markets (US, UK, Europe, Japan, and Australia/New Zealand), investment ratings are: Buy (1) (expected total return of 10% or more for Low-Risk stocks, 15% or more for Medium-Risk stocks, 20% or more for High-Risk stocks, and 35% or more for Speculative stocks); Hold (2) (0%-10% for Low-Risk stocks, 0%-15% for Medium-Risk stocks, 0%-20% for High-Risk stocks, and 0%-35% for Speculative stocks); and Sell (3) (negative total return).

For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings are: Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

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CBR risk ratings are approximately equivalent to the following matrix:

Low Risk -- Triple A to Low Double A

Low to Medium Risk -- High Single A through High Triple B

Medium to High Risk -- Mid Triple B through High Double B

High to Speculative Risk -- Mid Double B and Below

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