

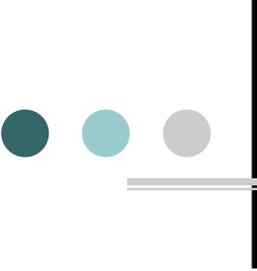
***Twelfth Pacific Rim
Real Estate Society Conference***

Global Direct Property Index

25 January 2006

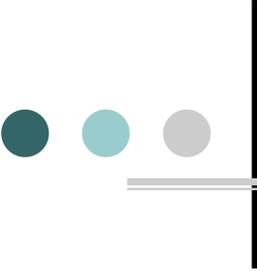
Ken Atchison

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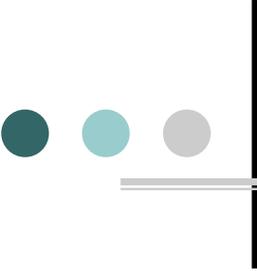
Purpose of an Index

- Characteristics of an asset class
- Investment universe available to investors
- Benchmark to measure performance of an investment
- Basis for a futures or other derivative contract



Sound Index Construction

- Appropriate to purpose
- Rules for construction are sound
- Investible in the market
- Comprehensive coverage
- Measurable on a frequent basis
- Transparency of construction
- Consistent in treatment of capital and income



Global Property Benchmark

- 31 December 1984 to 31 December 2004
- Measured annually
- Currently 12-21 advanced economies
- Representation of 85-98% of advanced economies
- Country indices used, or rental and capital returns
- Countries re-weighted by GDP every 5 years
- Measured in AUD, USD, Local (hedged)
- Includes all major property types
(office, retail, industrial, residential)
- Benchmark available excluding home country benchmark

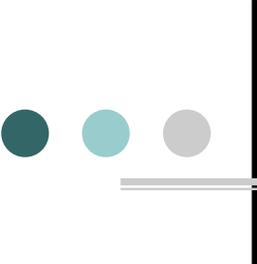
Returns and Volatility of Returns

Unhedged in Australian Dollars

	Year to Dec 2004	5 Years to Dec 2004	10 Years to Dec 2004	15 Years to Dec 2004	20 Years to Dec 2004
Return	9.70%	5.34%	7.14%	5.99%	9.24%
Volatility		12.48%	11.43%	10.74%	14.23%

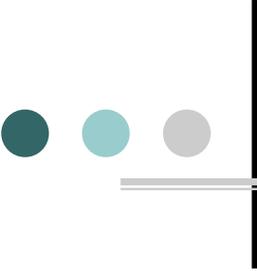
Hedged in Australian Dollars

	Year to Dec 2004	5 Years to Dec 2004	10 Years to Dec 2004	15 Years to Dec 2004	20 Years to Dec 2004
Return	9.48%	6.65%	6.47%	4.79%	6.70%
Volatility		2.21%	2.02%	4.51%	5.24%



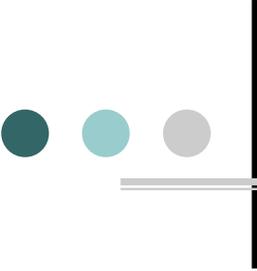
Preliminary Correlation of Returns – 5 Years to Dec 2004

	Global Property (Unhedged)
Australian Equities	0.01
Overseas Equities (unhedged)	0.13
Australian Direct Property	0.05
Australian Listed Property	0.26
Global Listed Property (unhedged)	0.38
Australian Fixed Interest	0.36
Overseas Fixed Interest (hedged)	0.17
Australian Cash	0.68



Preliminary Correlation of Returns – 5 Years to Dec 2004

	Global Property (Hedged)
Australian Equities	0.23
Overseas Equities (unhedged)	0.36
Australian Direct Property	0.42
Australian Listed Property	0.40
Global Listed Property (unhedged)	0.50
Australian Fixed Interest	0.20
Overseas Fixed Interest (hedged)	0.06
Australian Cash	0.62



Size of the global property marketplace

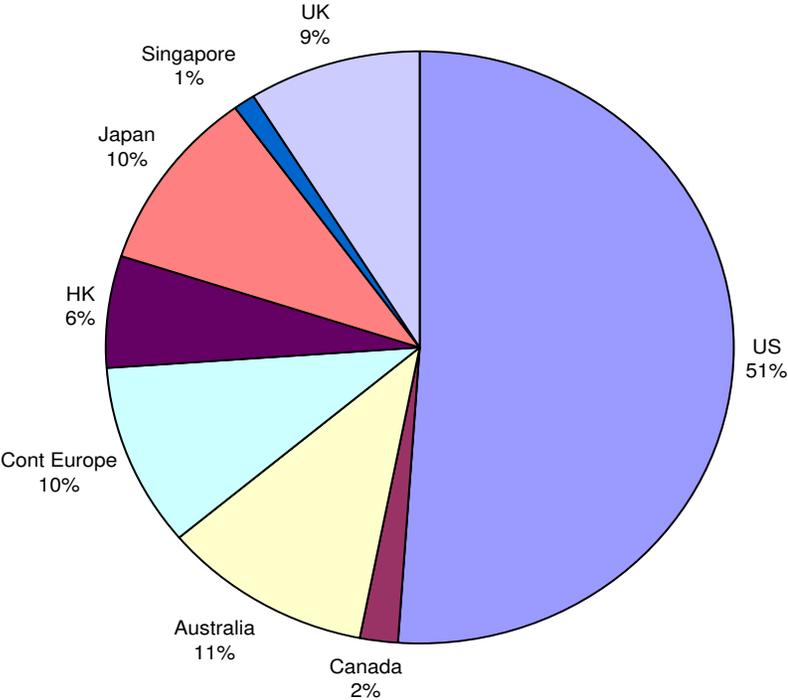
	Investable universe (US\$b)	Proportion of total universe
United States	\$2,525	43%
Cont. Europe	\$1,500	25%
Japan	\$705	12%
Hong Kong/China	\$540	9%
United Kingdom	\$490	8%
Australia	\$100	2%
Other Asia	\$88	1%
Total	\$5,948	100%

Size of the global property marketplace

Countries	GDP (\$ Bn) (\$ Bn)	GDP per capita (\$ Bn)	Real Estate (\$ Bn)	Weight	Cumulative
United States	11,105	37,897	4,997	34.42%	34.42%
Japan	4,370	34,316	1,966	13.54%	47.96%
Germany	2,388	28,977	1,075	7.40%	55.36%
United Kingdom	1,847	30,641	1,039	7.15%	62.52%
France	1,757	29,075	791	5.45%	67.96%
Italy	1,461	25,162	657	4.53%	72.49%
Canada	879	27,046	396	2.72%	75.22%
Spain	840	20,863	378	2.60%	77.82%
Hong Kong/China	1,618	1,239	288	1.98%	79.80%
South Korea	612	12,689	237	1.63%	81.43%
Australia	516	25,937	232	1.60%	83.03%
Netherlands	508	31,122	229	1.57%	84.61%
Mexico	654	6,235	200	1.38%	85.98%
Switzerland	320	42,995	144	0.99%	86.98%
Belgium	304	29,413	137	0.94%	87.92%
Other Countries	5,596	-NA-	1,754	12.08%	100.00%
Global Total	34,776		14,519	100.00%	

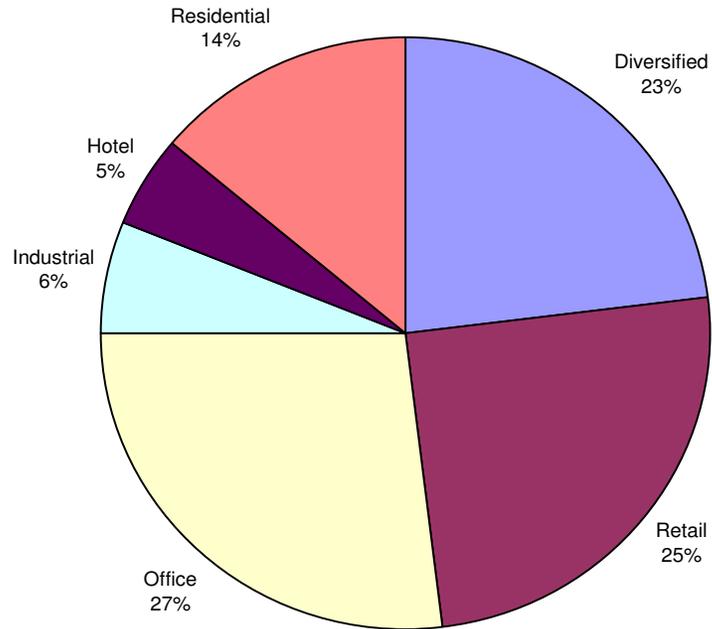
Figure 2: Top 15 Real Estate Markets Globally.
Sources: World Bank Organisation, FTSE, EPRA.

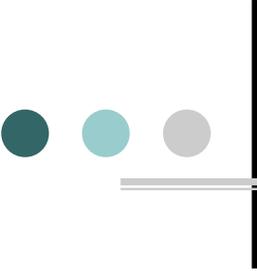
Global listed regional breakdown



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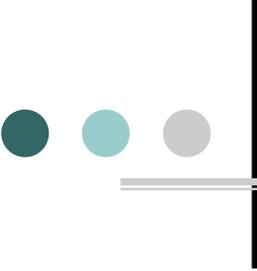
Global Listed Asset Type





Property as an Asset Class

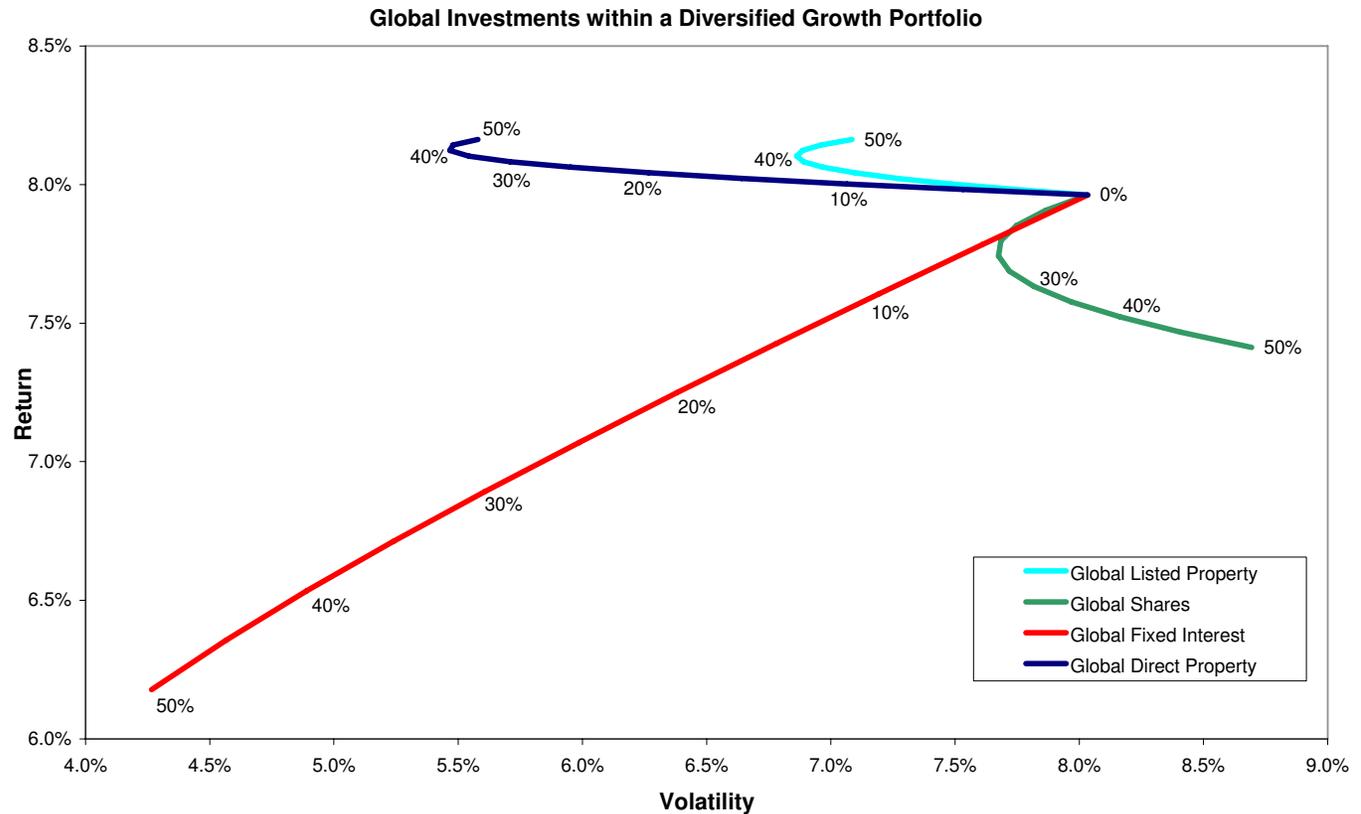
- Regular income streams via rent
- Growth in capital value
- Gearing and development
- Appraised based valuations
- Low correlations with other major asset classes
- Risk between fixed interest and equities

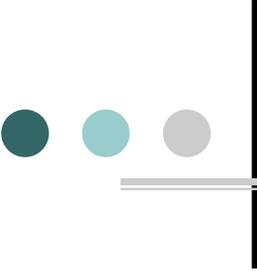


Sources of Value Add

- Sector structure
- Geography
- Financial structure in particular gearing
- Development activity on the portfolio
- Management skill

Comparison of Overseas Investments





Conclusion

- Characteristics of asset class
- Investment universe available
- Benchmark to measure performance
- Basis of a futures contract