SFI / IPD Index for 2003 - Headline Results

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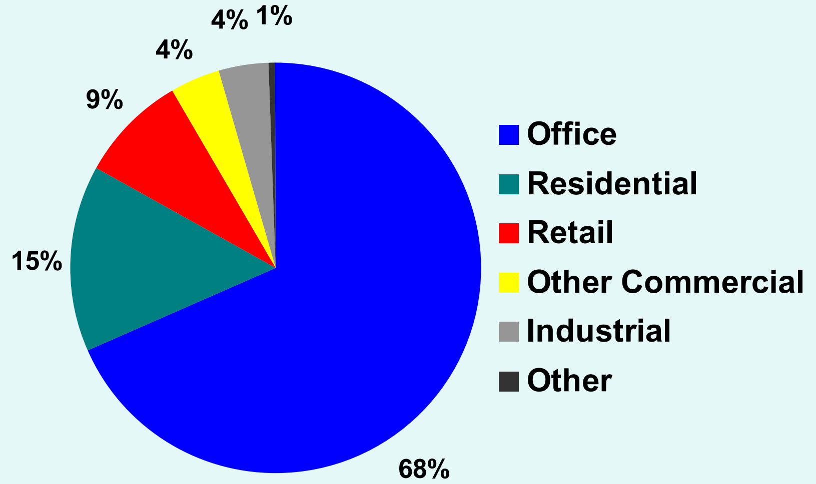
thanks to participants in SFI

No. of Properties 2 000

Capital Value 2003 SEK 205bn

Coverage 40%



valuation based index

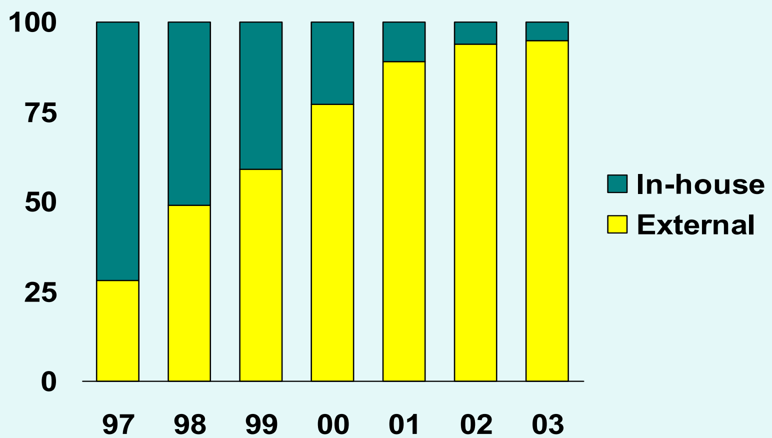
$$\frac{CV_t - CV_{t-1} - C_t + NI_t}{CV_{t-1} + (^1/_2)C_t - (^1/_2)NI_t}$$

where t = 2003 t - 1 = 2002

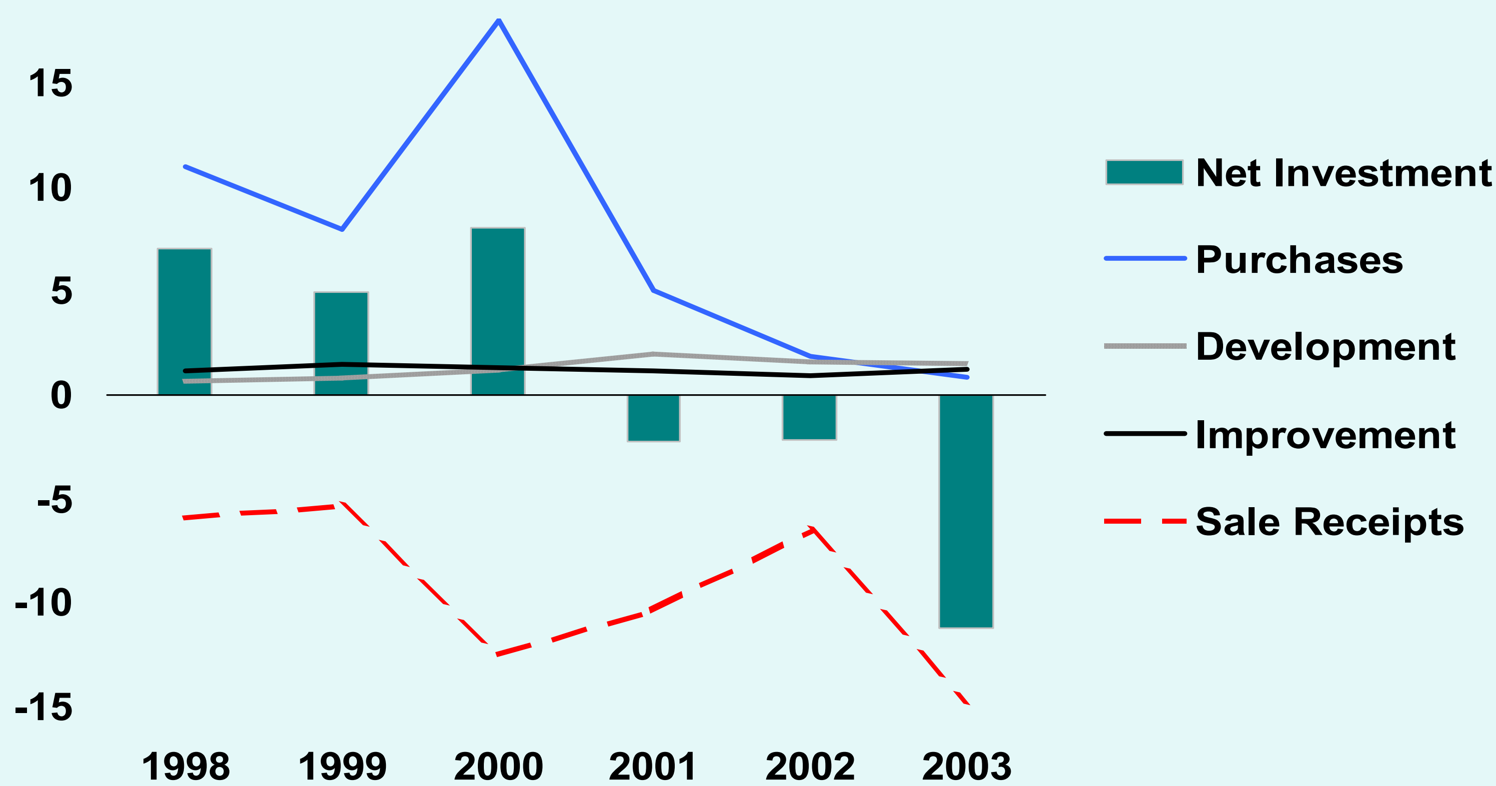
CV = Capital Value at end - year C = Net Capital Spending

NI = Net Income Receivable

- A common approach to valuation – the Swedish Valuation Guidelines
- market value at 31 December
- external authorised valuers
- or in-house valuers with equivalent qualifications
- External valuations for 95% of the capital value 2003



investments flows - % of portfolio value



purchases & sales

SEK bn

	1998	1999	2000	2001	2002	2003
Purchases	15.5	15.0	40.5	12.0	4.1	1.7
Sale Receipts	8.3	10.0	28.0	24.8	14.4	28.8
Gross turnover	22%	18%	36%	19%	10%	17%

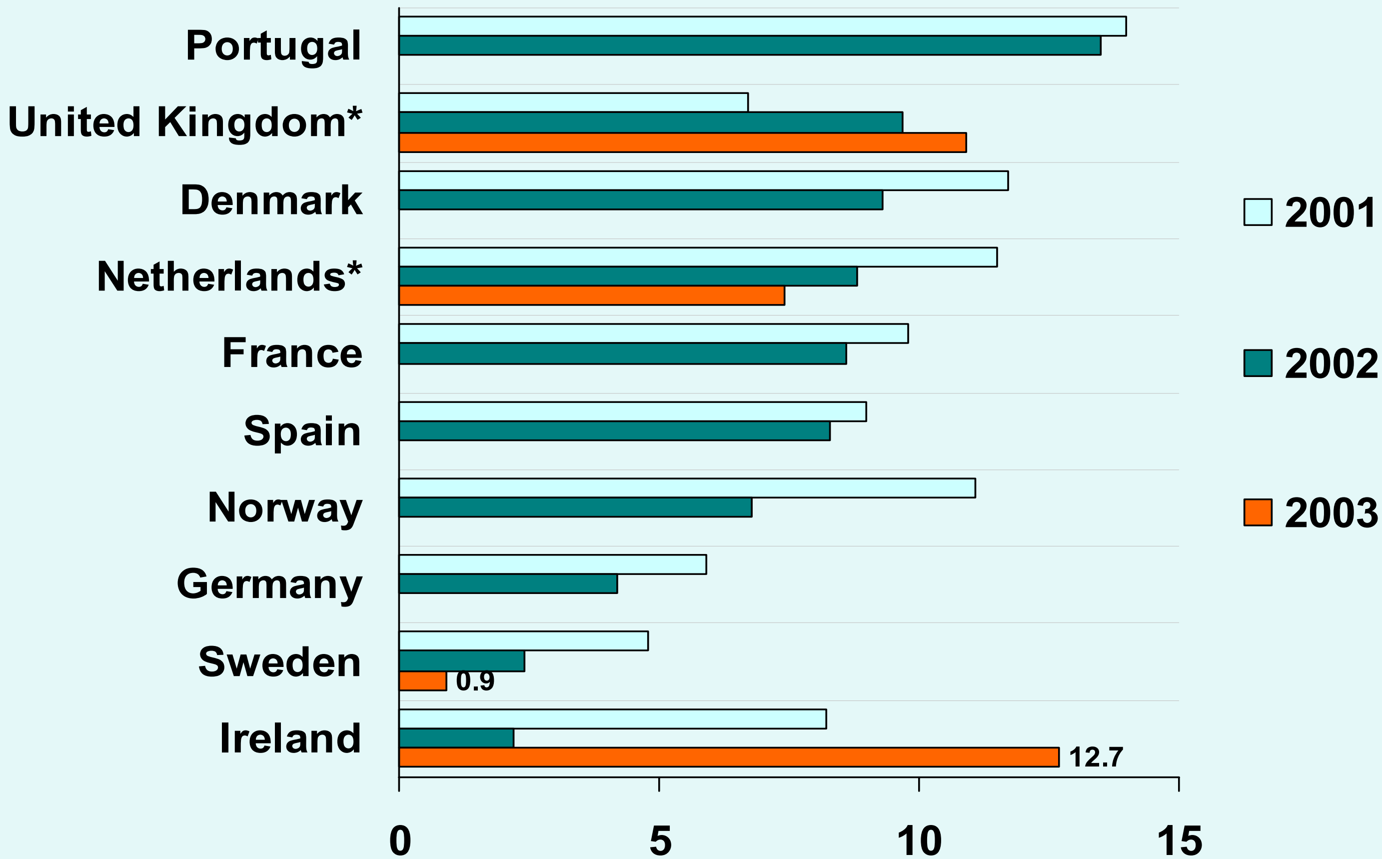
No. of properties

	1998	1999	2000	2001	2002	2003
Purchases	152	173	656	126	20	14
Sales	212	285	639	614	341	380

0.9% total return on Swedish property in 2003

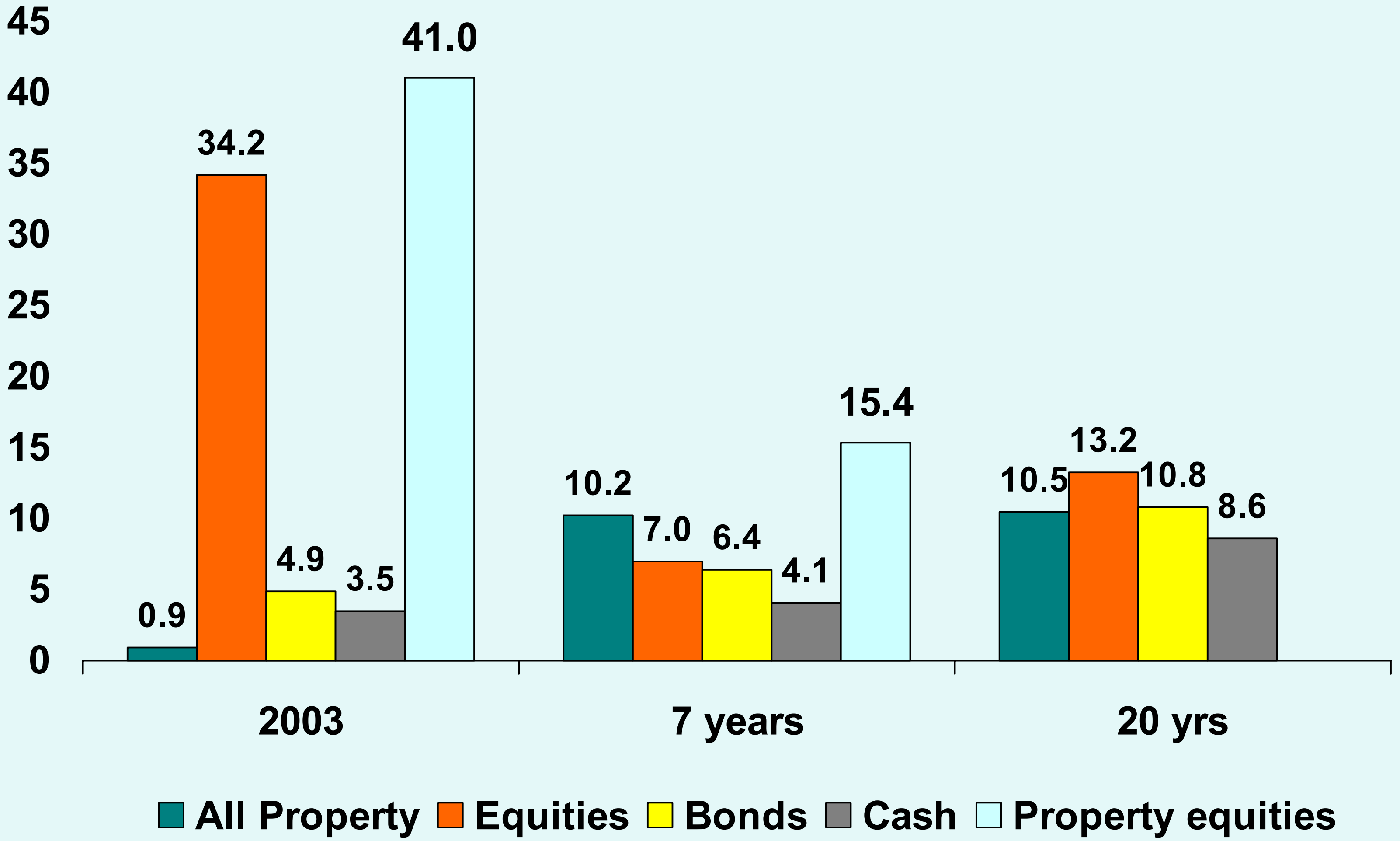
SFI / IPD Swedish Property Index

IPD – European league

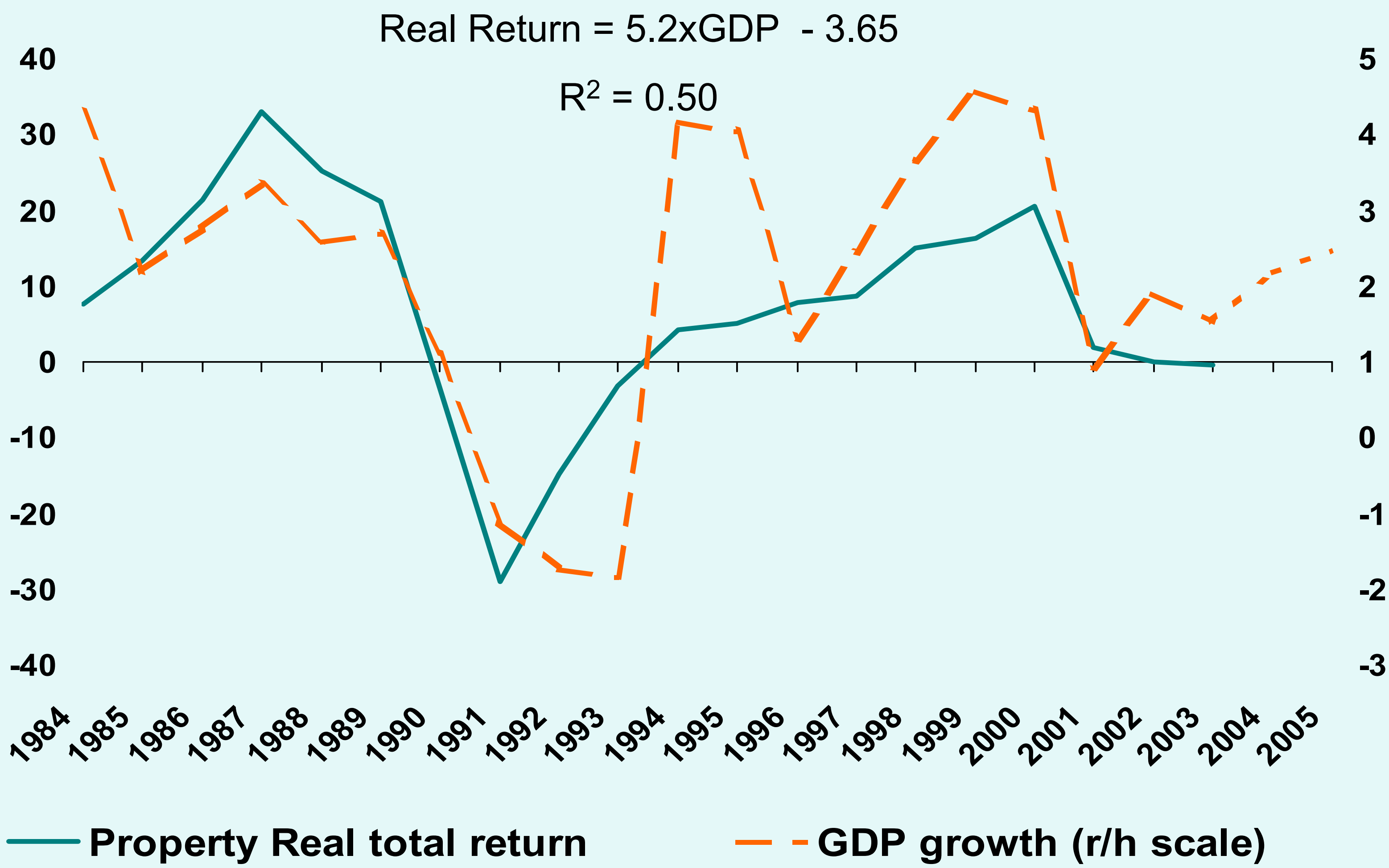


Finland courtesy of KTI (Finnish Institute of Real Estate Economics)
* Latest estimates

property & other assets – total returns



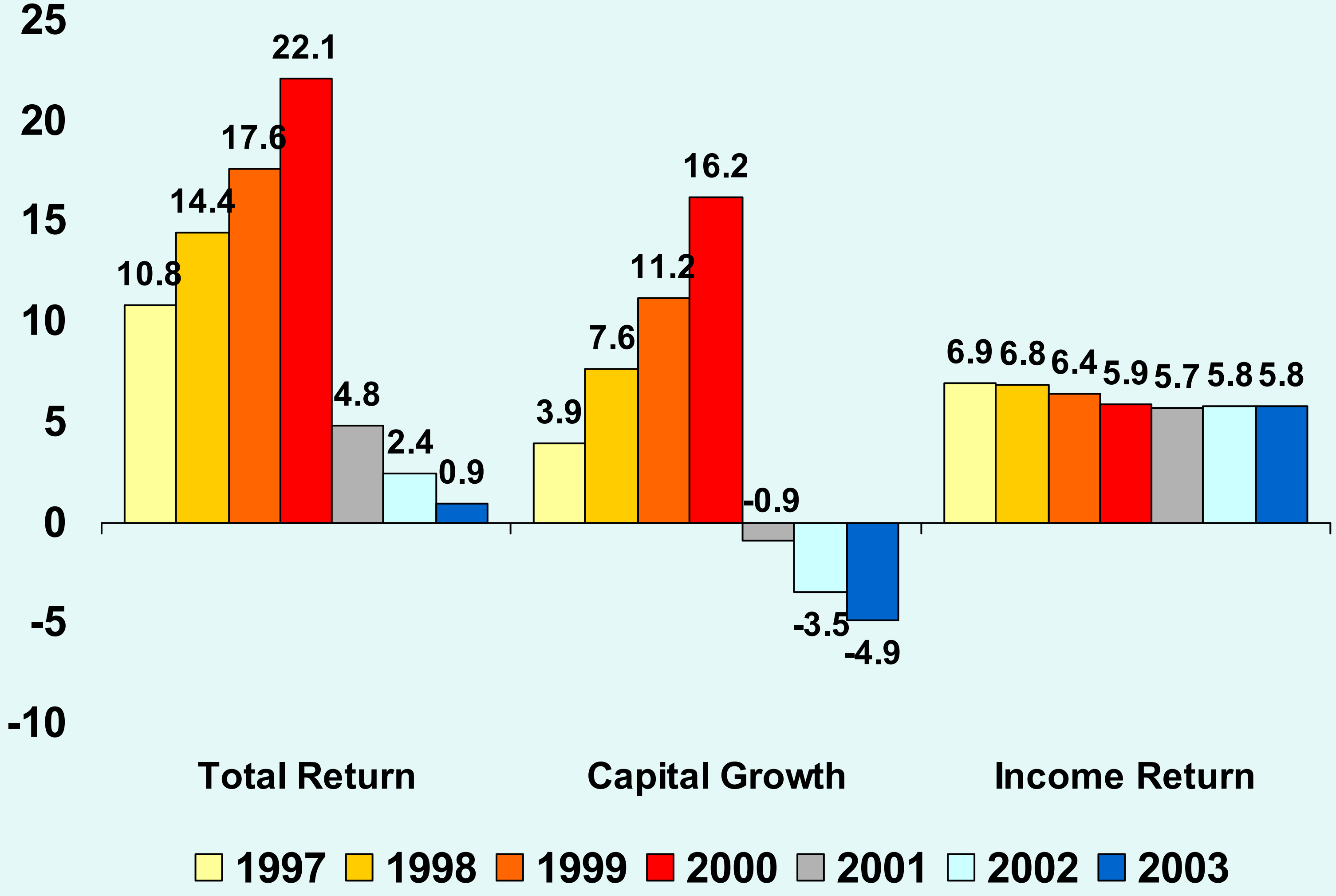
real returns and GDP-growth



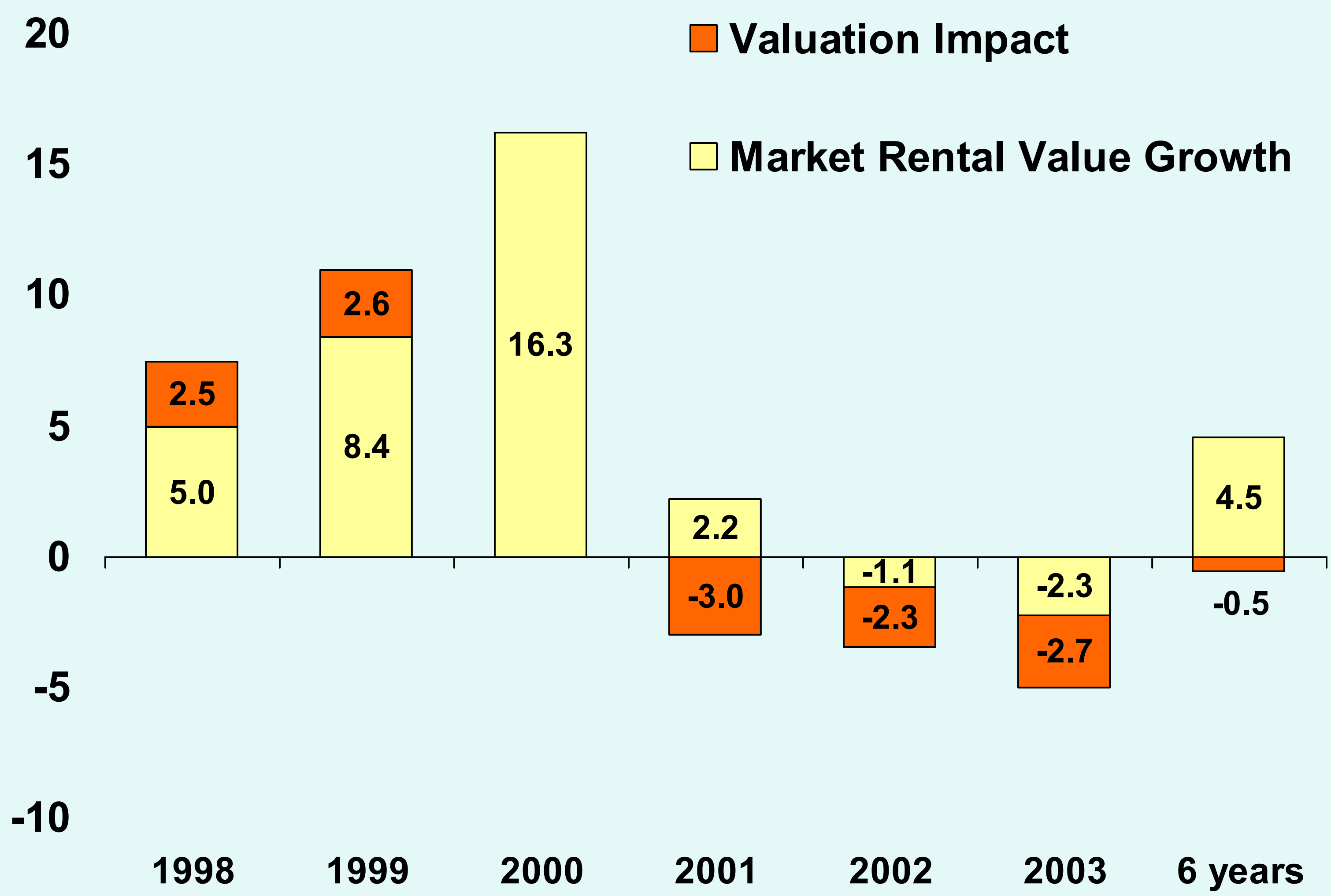
property performance in detail

- total return & components
- sectors & regions
- long-term trends
- risk & return

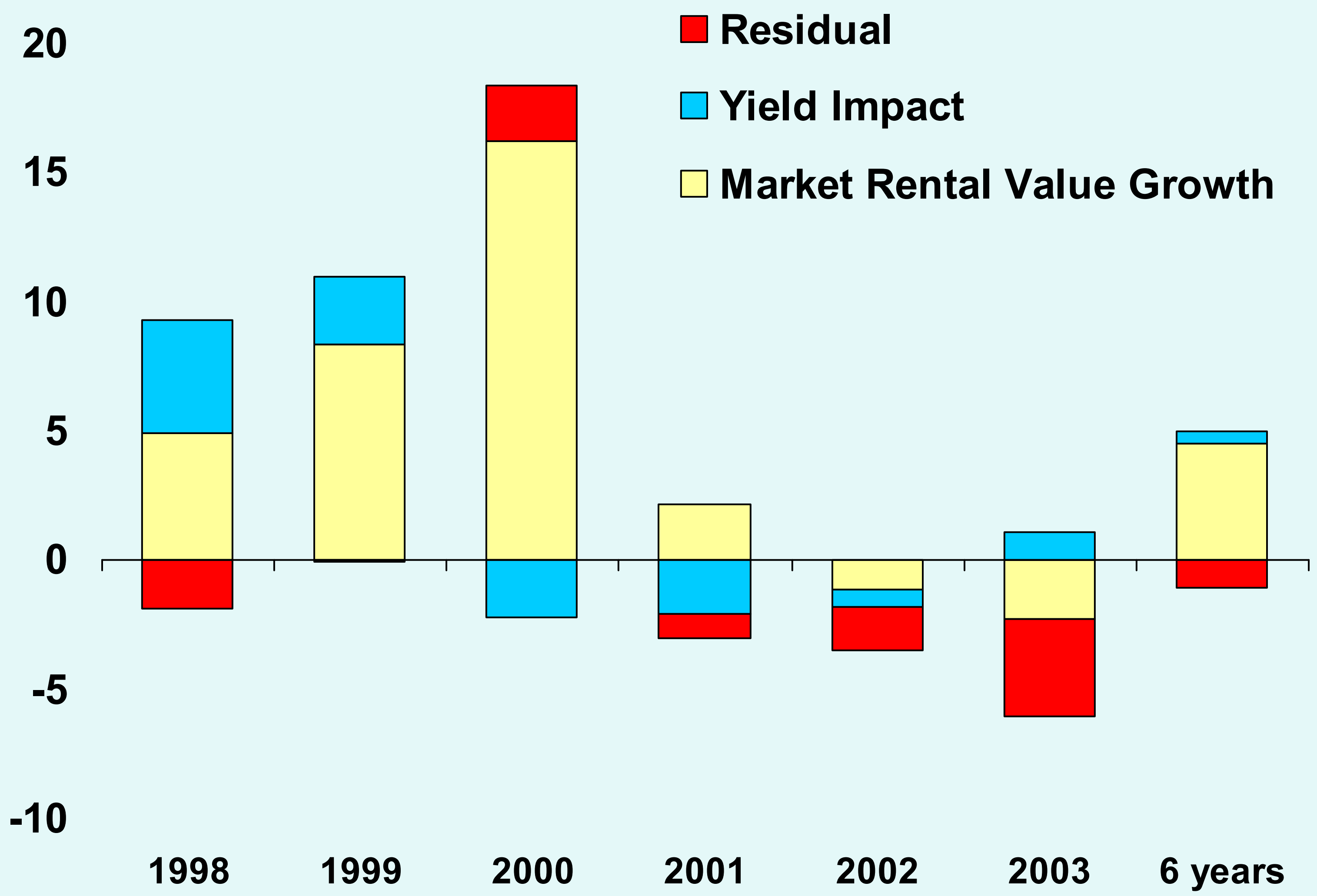
all-property – performance last 7years



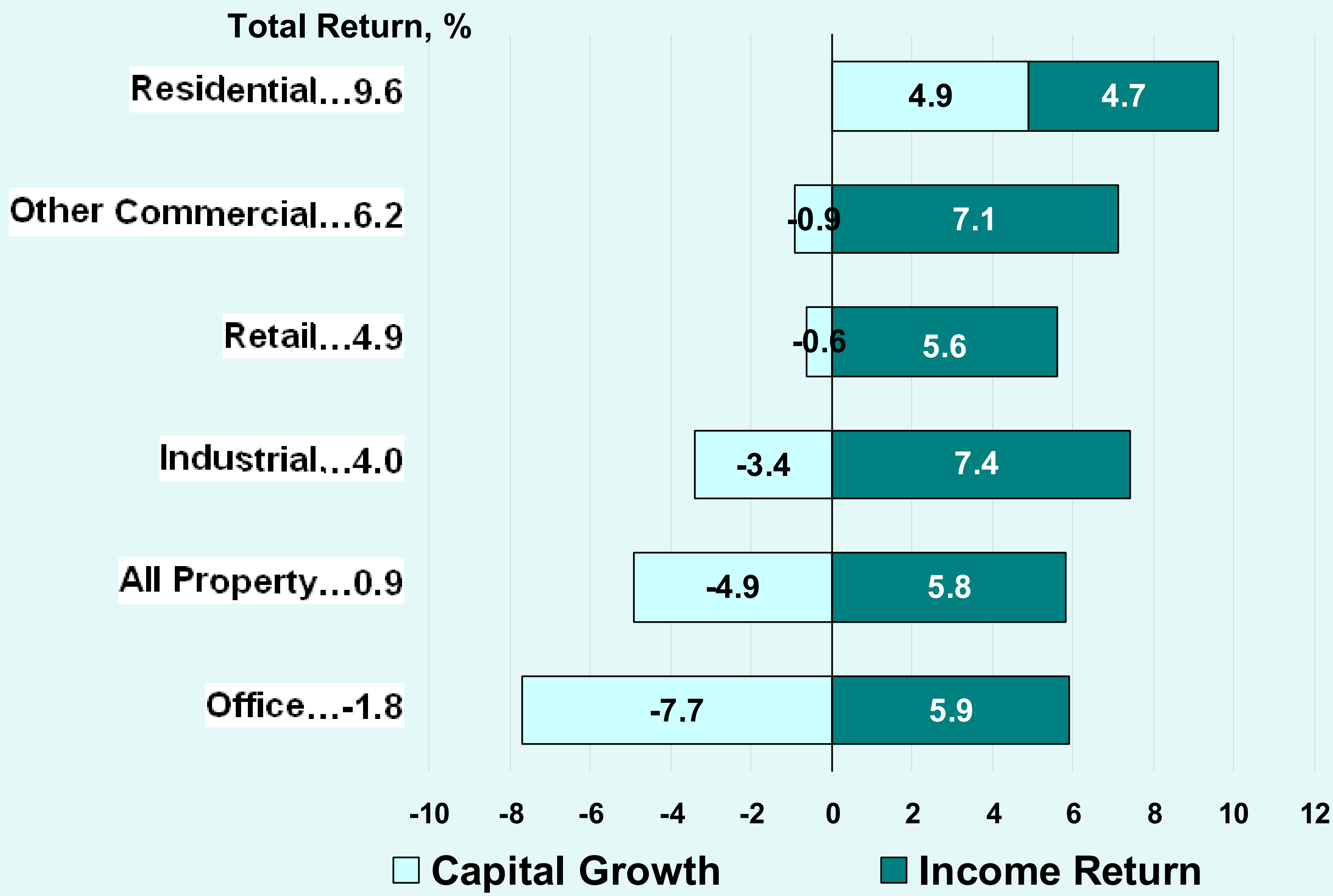
all-property – market rental growth & valuation impact



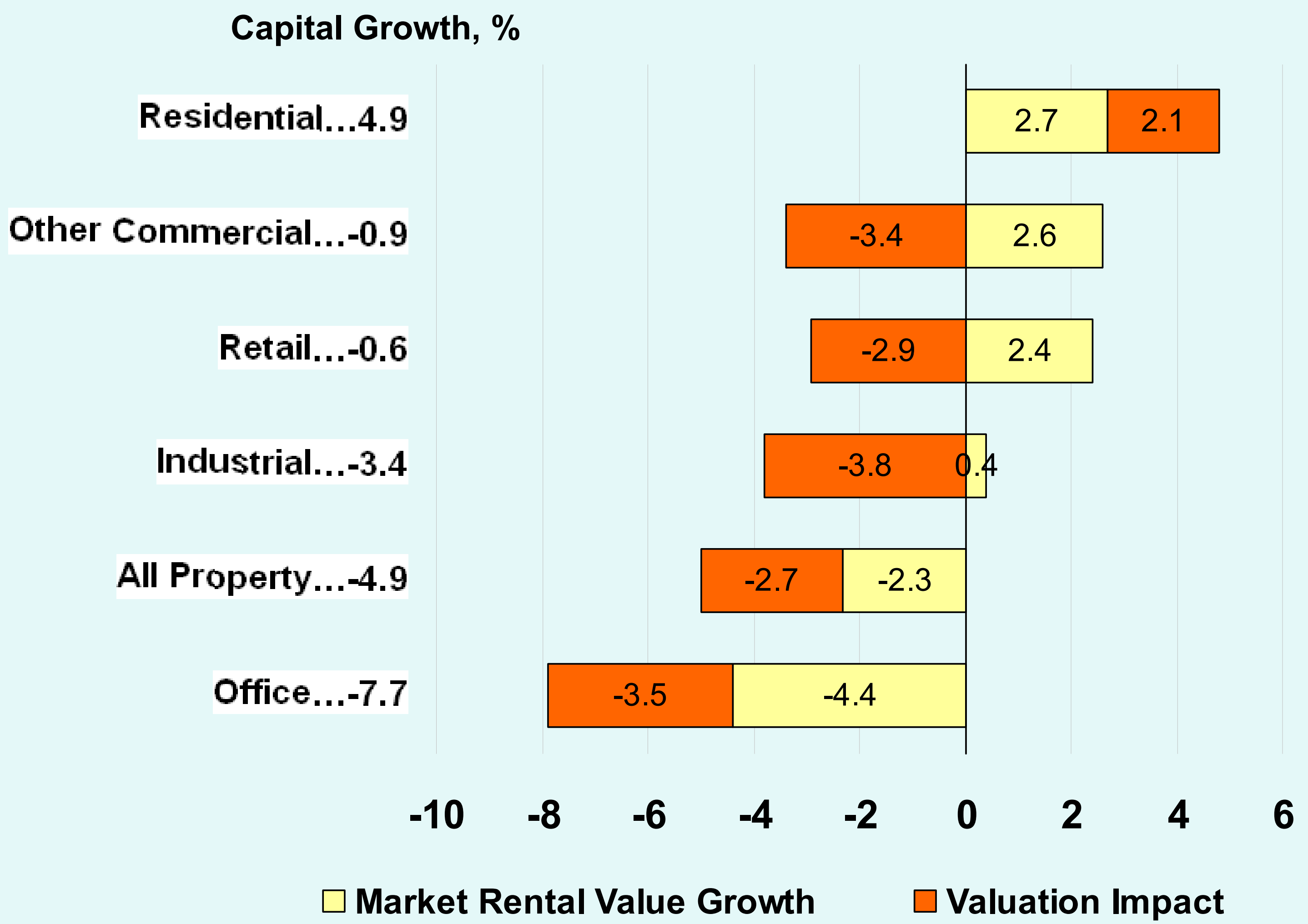
all-property – market rental growth & valuation impact components



2003 capital & income



2003 market rental growth & valuation impact



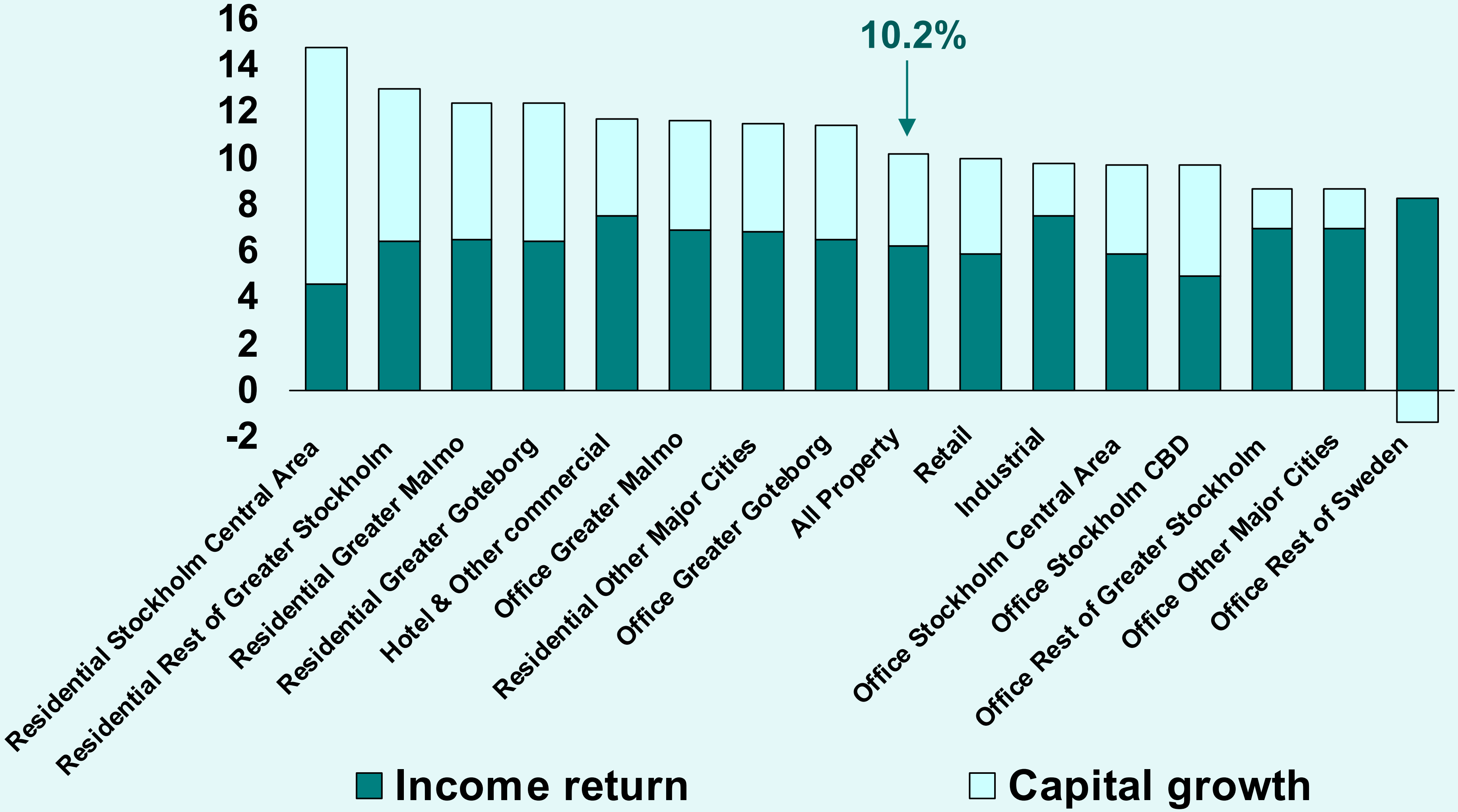
office performance 2003

	Total Return	Income Return	Rental Value Growth	Valuation Impact
Greater Göteborg	5.3	6.1	-0.3	-0.5
Greater Malmö	5.2	6.3	-0.8	-0.3
Rest of Sweden	4.1	8.3	-0.1	-4.1
Other Major Cities	1.7	6.3	-1.2	-3.4
All Offices	-1.8	5.9	-4.4	-3.5
Stockholm CBD	-2.9	5.0	-4.3	-3.7
Rest of Greater Stockholm	-3.3	6.4	-4.7	-5.2
Stockholm Central Area	-3.5	5.9	-6.2	-3.3

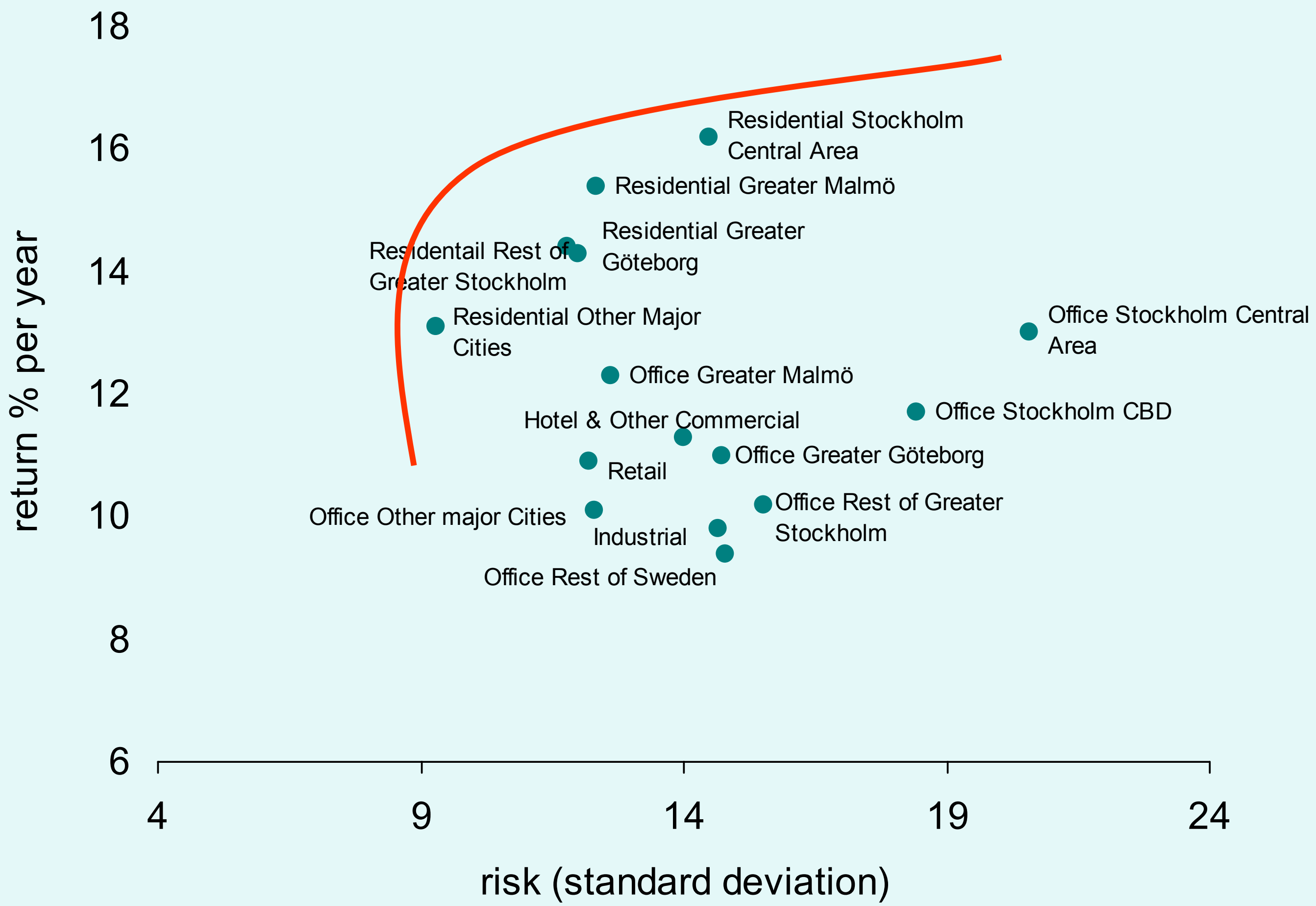
residential performance 2003

	Total Return	Income Return	Rental Value Growth	Valuation Impact
Greater Malmö	16.8	5.5	2.5	8.6
Stockholm Central Area	9.6	3.2	2.2	4.1
All Residentials	9.6	4.7	2.7	2.1
Greater Göteborg	8.8	5.2	2.6	1.0
Rest of Sweden	8.6	5.3	1.4	1.9
Rest of Greater Stockholm	8.2	4.7	3.0	0.5
Other Major Cities	7.2	5.3	2.6	-0.6

sector ranking – 7 years return



risk & return – 20 years



overall

- a 0.9% property market return in 2003 means:
  - down from 2002 and from 22.1% peak in 2000
  - worst performing asset class
  - …far below long term returns 10.5%
- fall-off in performance due to:
  - fall in market rental values
  - …especially in offices Stockholm
  - coupled by increased vacancy and operating costs, cutting capital values
- residentials strongest sector
  - benefiting from highest capital growth
  - due to continued fall in yields against commercial market trends and
  - … increasing rents
- over full twenty year history
  - residentials clear winner with total returns 14% per year
  - three main commercial sectors returns 9% – 10% per year
  - but greater volatility for offices compared to retails and industrials

New research - IPD Nordic Index

- What is the Nordic Index?
  - Measures the performance of investible real estate in Nordic markets
  - The first ever multinational return index in the world
  - Will set precedent for a European Index next year
  - Presented in EUR, USD, Local Currencies

- Why are we doing it?
  - Rapid internationalisation of investments
  - Increase of Cross-Boarder Investment & diversification
  - Foreign investors are interested in Nordic real estate markets
  - Most foreigners see us as one market
  - Nordic market combined worth the same as France and Germany
  - Nordic Index adds the visibility of all markets

the Nordic index

Total return % EUR	2000	2001	2002	Annualised over: 3 years
Denmark	9.7	11.6	9.9	10.4
KTI Finland	10.2	7.3	6.0	7.8
Norway	10.1	14.6	17.3	14.0
Sweden	18.0	-0.2	4.0	7.0
Nordic Market	*13.6*	*5.5*	*7.4*	*8.8*

SFI / IPD calendar 2004

- Next
  - full individual benchmark reports to all participants
- March
  - 23rd March full presentation of results – Index launch at IVA
  - individual presentations to participants
  - DPAS - New interactive report / analysis tool for participants
  - Market Reports
    - Swedish Property Investors Digest
    - Long term property index report
- 13-14th May – Investment Strategies Conference, Wien
  - Nordic Index Launch