

SFI / IPD Swedish Property Index 2005 - Headline Results

Christina Gustafsson, Managing Director SFI & IPD Norden, 1st March 2006



SFI / IPD Swedish Property Index 2005 & last 10 years



	Nominal Terms		Real Terms	
	2005	1995-2005	2005	1995-2005
Total Return	12.7	9.7	11.3	8.1
Income Return	5.4	6.0	-	-
Capital Growth	7.0	3.4	5.6	2.0
Inflation	1.3	1.5	-	-

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The growth of IPD property databanks



Country	Index Starts in:	2004	2005	No. of properties	Total Value €billion	Est % of Market ¹
Australia	1984	13.8		900	28.2	25%
Canada	1984	12.9		1,679	29.8	50%
Denmark	2000	6.3		1,319	9.3	39%
France	1986	10.1		5,723	65.0	52%
Germany	1996	1.3		3,49	61.1	30%
Ireland	1984	11.5	24.3	328	4.6	79%
Italy	2002	9.5		516	8.2	15%
KTI Finland ²	1998	5.6	7.4	2,998	16.3	60%
Netherlands	1995	7.7		6,243	39.6	60%
Norway	2000	10.4		529	8.7	42%
Portugal	2000	10.6		547	6.9	60%
Spain	2001	11.5		527	10.5	44%
South Africa	1995	23.4		2,232	9.4	70%
Sweden	1984	5.8	12.7	851	16.7	30%
Switzerland	2002	4.9		3,024	23.7	30%
UK	1971	18.3	19.1	11,010	214.6	45%
Total				38,426	553	

¹ total asset value of institutions & listed vehicles ² through 'compliance' agreement with KTI (Finnish Institute of Real Estate Economics)

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Thanks to the participants in SFI / IPD



SFI / IPD Index

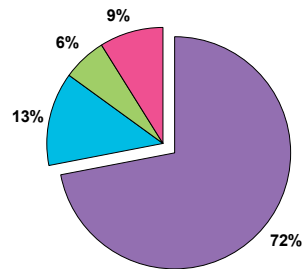
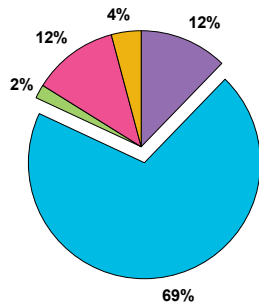
851 properties
SEK 158bn

SFI / IPD Databank

3 500 properties
SEK 340bn

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Properties in the index – sectors & regions Sweden



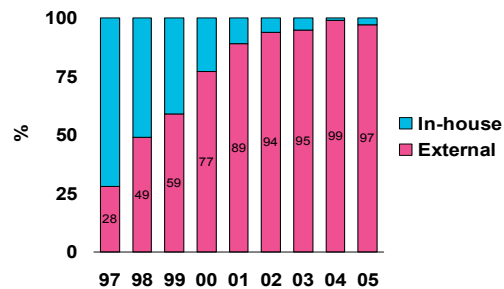
Of capital values at end 2005

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Valuation based index



- 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 97% of the capital value 2005
- DCF method used for 97% of the capital value 2005



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Changing to time-weighted returns from 2005



- The 'two-step' method.... Step 1: calculate a return for a single month

$$TR_t = \frac{CV_t - CV_{t-1} - Cexp_t + Crec_t + NI_t}{CV_{t-1} + Cexp_t}$$

- Step 2: compound the individual 12 monthly returns to an annual total return

$$[(1+TR_1/100) * (1+TR_2/100) * \dots * (1+TR_{12}/100) - 1] * 100$$

TR_t = Total return in month t

NI_{it} = Net Rental Income or NOI

CV_t = Market Value, end of month t

CV_{t-1} = Market Value, beginning of month t

$CExp_{it}$ = Capital expenditure during month t, including all purchase, development and other capital expenditure

$CRec_{it}$ = Capital receipts during month t, including all sale receipts and other capital receipts

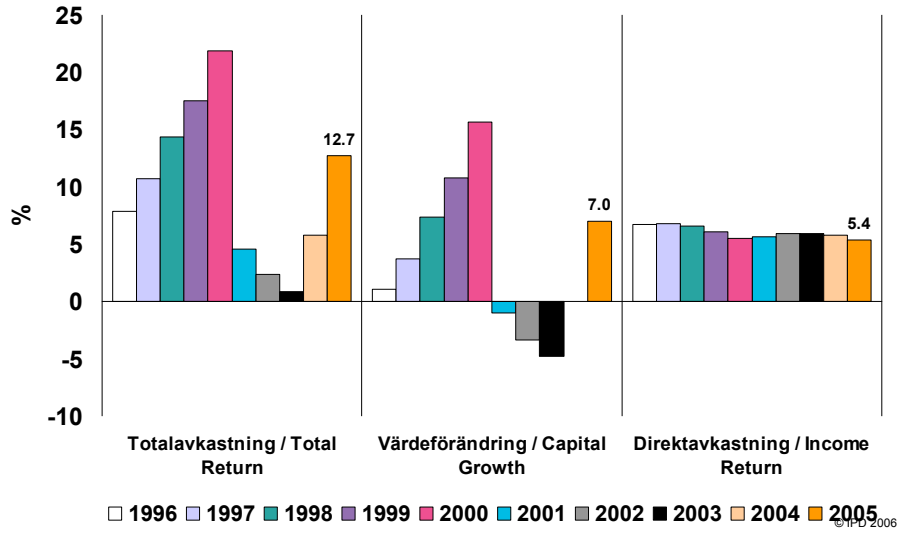
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Property performance in detail

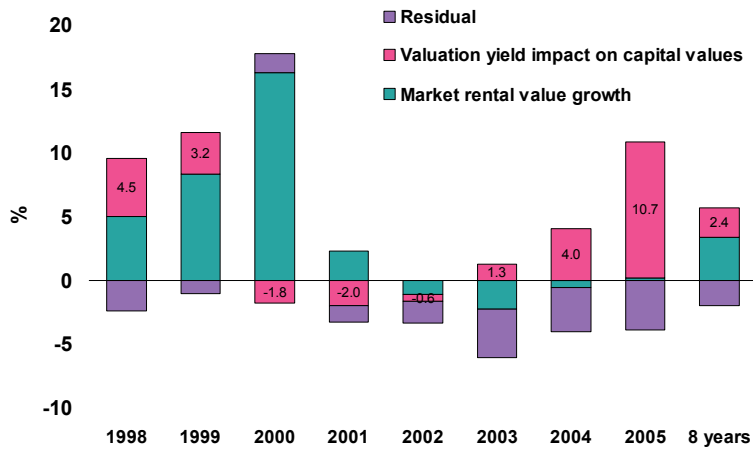


- Total return & components
- Sectors & regions
- Long-term trends
- International comparison
- Risk & return

All property performance 10 years
Sweden

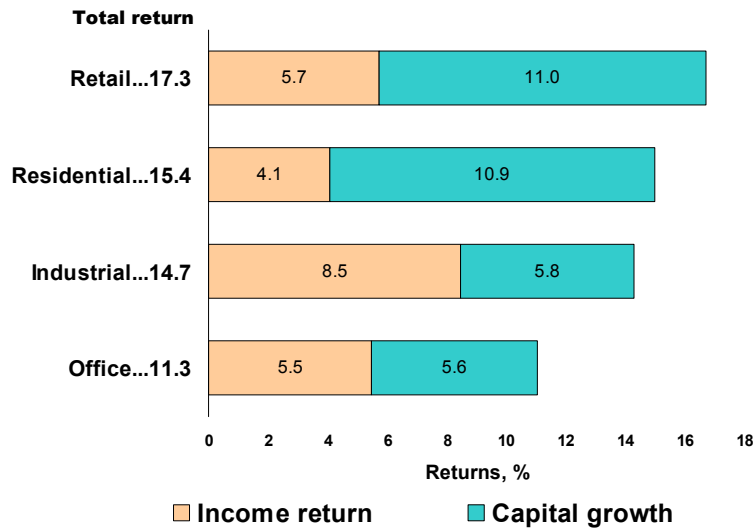


All property – market rental growth and yield impact
Sweden



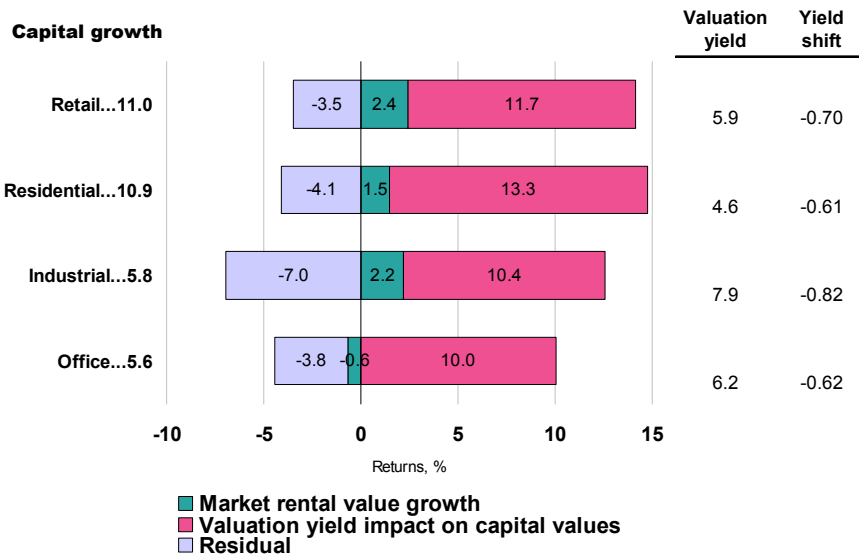
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Capital and income – sectors 2005
Sweden



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Market rental value growth and yield impact – sectors 2005
Sweden



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Office performance 2005

Sweden



	Total return	Capital growth	Income return	Market rental value growth	Valuation yield	Yield shift
Offices Other Major Cities	15.3	8.6	6.2	-0.5	6.8	-0.71
Offices Stockholm CBD	14.7	9.4	4.9	0.0	5.4	-0.78
Offices Göteborg	12.5	6.8	5.4	1.6	6.2	-0.59
Offices Stockholm Central Area	11.0	5.1	5.6	-0.6	6.1	-0.62
Offices Malmö	7.9	2.2	5.6	1.4	6.6	-0.25
Offices Rest of Greater Stockholm	7.5	1.5	5.9	-2.7	7.3	-0.48

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Residential performance 2005

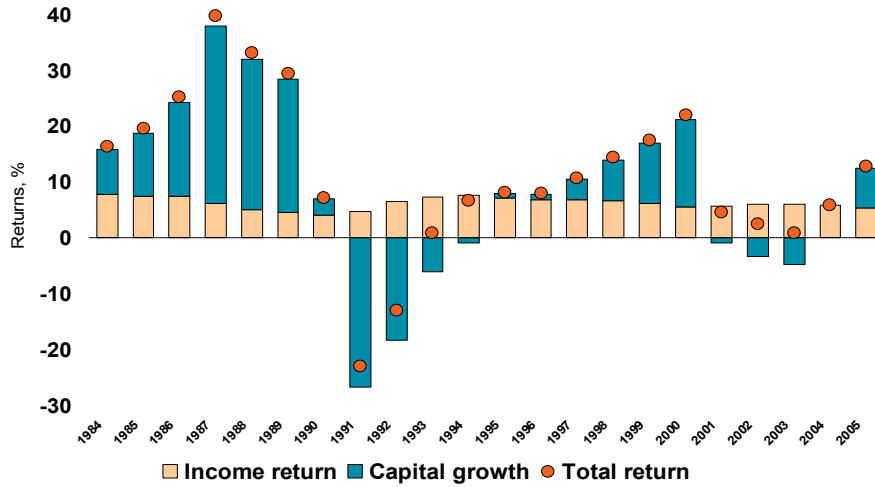
Sweden



	Total return	Capital growth	Income return	Market rental growth	Capital Values SEK/m ²
Residentials Malmö	25.2	21.3	3.3	1.3	15,171
Residentials Other Major Cities	16.5	10.1	5.8	2.3	9,258
Residentials Göteborg	15.3	11.0	3.9	1.2	12,549
Residentials Stockholm Central Area	13.8	10.9	2.6	1.3	21,633
Residentials Rest of Greater Stockholm	13.4	9.0	4.0	1.1	11,210

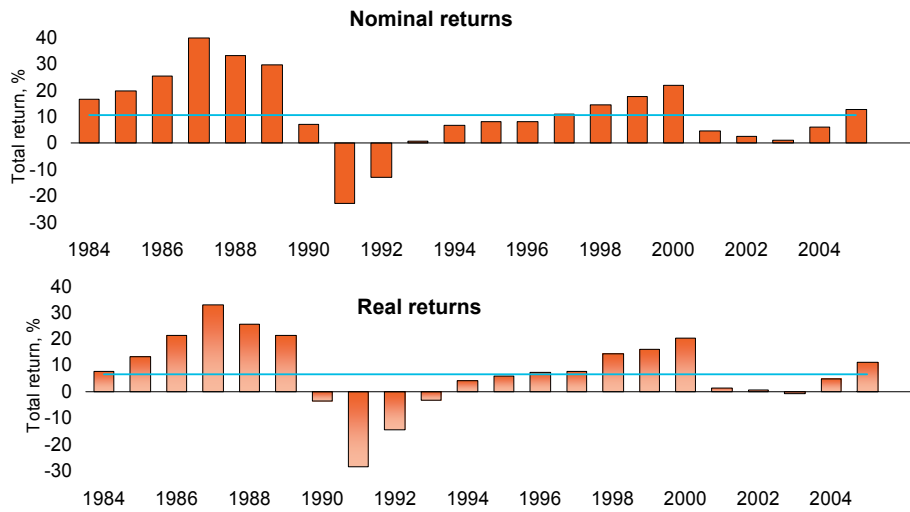
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All Property Total Returns Sweden



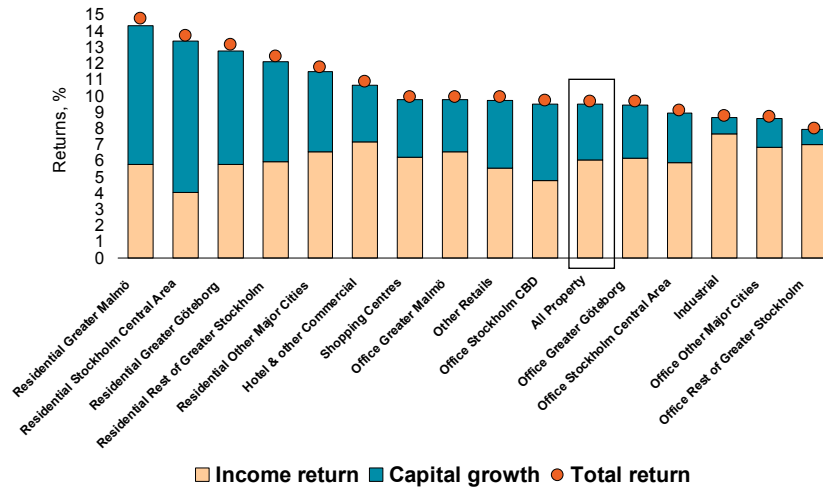
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All Property nominal and real total returns Sweden



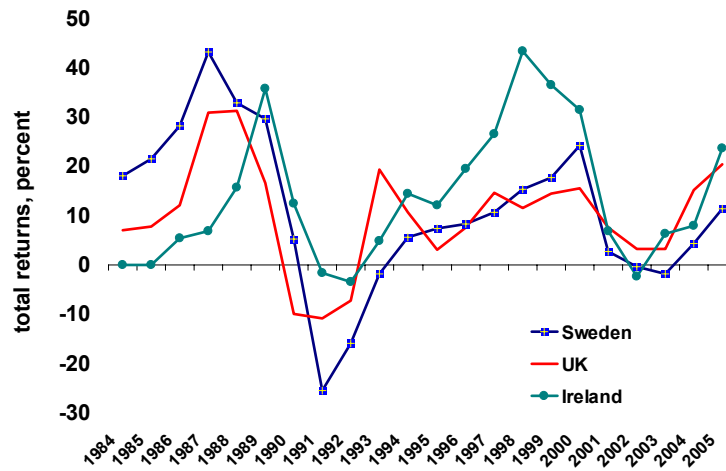
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Segment ranking - last 10 years Sweden



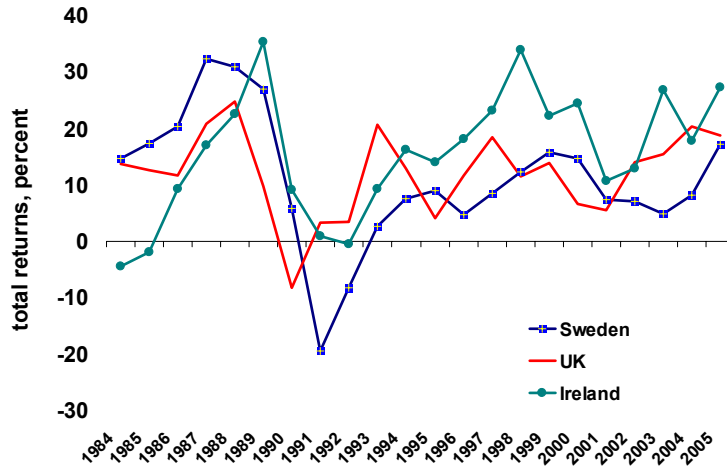
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Office - long term returns



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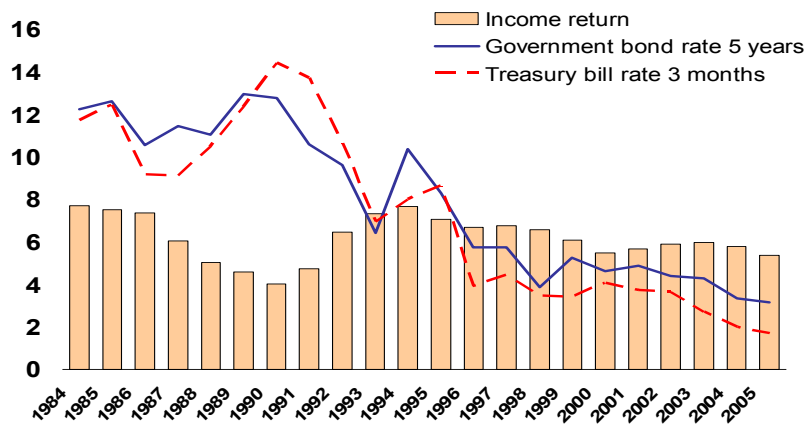
Retail - long term returns



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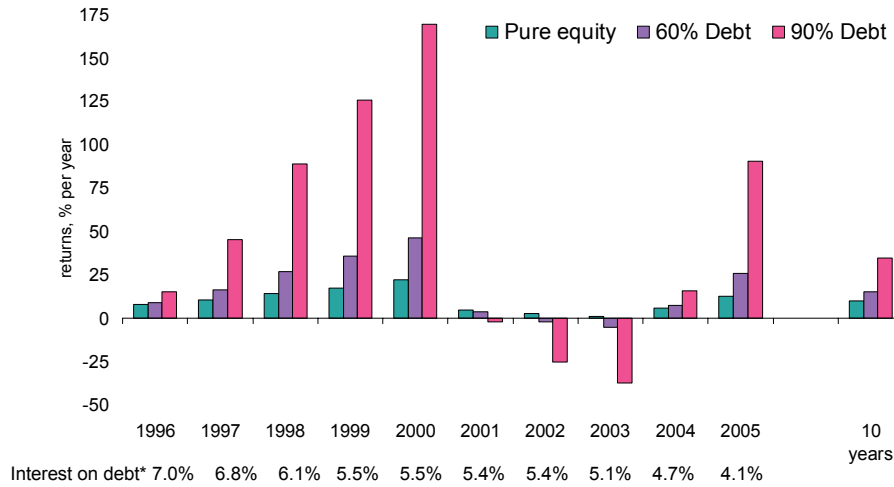
Income return and interest rates

Sweden



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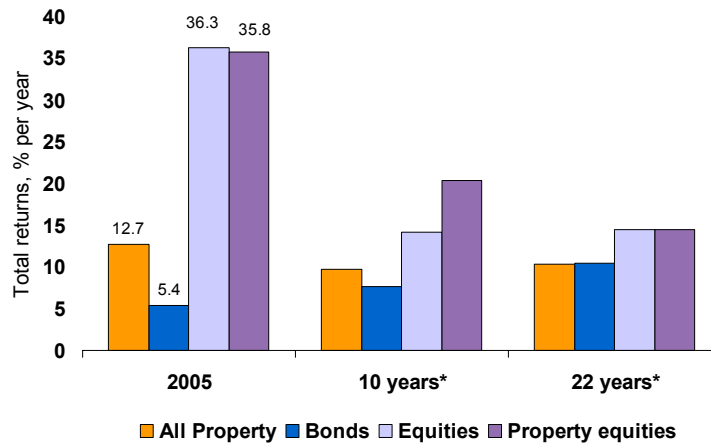
Impact of gearing (leverage) on total returns
Sweden



*Source: Peter Malmqvist - interest for Swedish listed property companies 1997-2005

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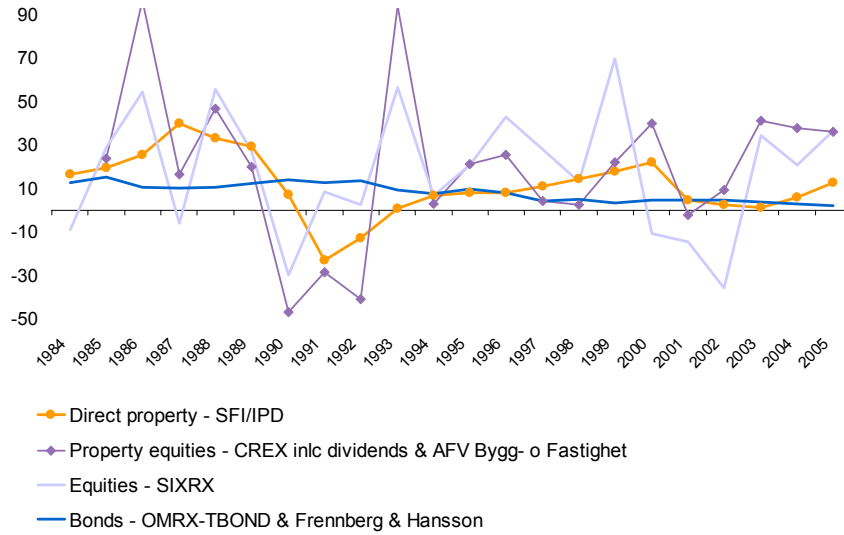
Property returns and other assets
Sweden



* Annualised returns, property equities over 21 years

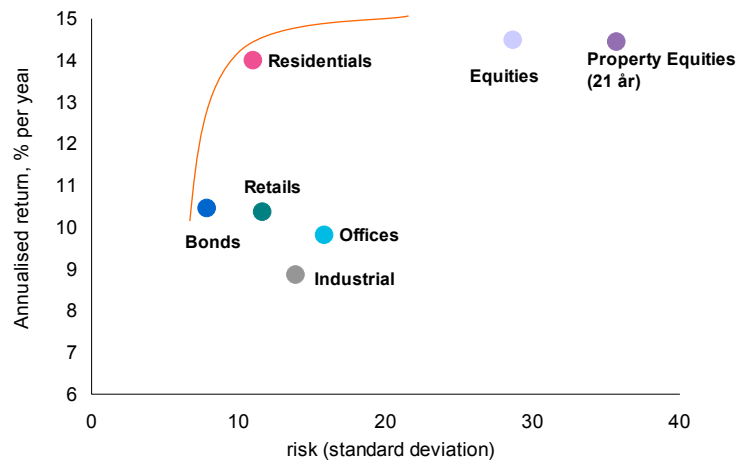
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Income return and interest rates Sweden



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risk & return – long term Sweden



Source: SFI / IPD, SIXRX, OMRXX-TBOND, CREX incl . Dividends, Efficient frontier for illustration purpose only © IPD 2006

overall
Sweden



- 12.7% nominal property market return in 2005 means:
 - up 6.9 points from 2005
 - above long term returns 10.4%
 - ... second worst performing asset class
- Rise in performance due to:
 - huge fall in valuation yields
 - slightly rising rents for all sectors except offices, but
 - ... capital growth less than valuation yield impact
- Retail strongest sector
 - benefiting from highest capital growth
 - due to fall in valuation yields and
 - continuous increasing rents
- Long term performance
 - residential strongest sector
 - gearing has contributed to property performance
 - three main commercial sectors returns 9% – 10% per year over 22 years
 - but greater volatility for offices compared with retails

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SFI / IPD calendar 2006



March

- Full individual benchmark reports to all participants
- Individual presentations to participants
- Market Reports
 - Swedish Property Investors Digest
 - Long term Property index report

April

- 4th April - full presentation of results – Index launch at Salénhuset
- 5th April - Norwegian Index launch
- 21st April – Danish Index launch

May

- 10 -12th May – IPD European Property Investment Conference 2006, Lisbon, Portugal
- 30th May – IPD Nordic Markets Briefing in co-operation with S.I.P.A. and KTI in Oslo, Norway

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Thank you for your time



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