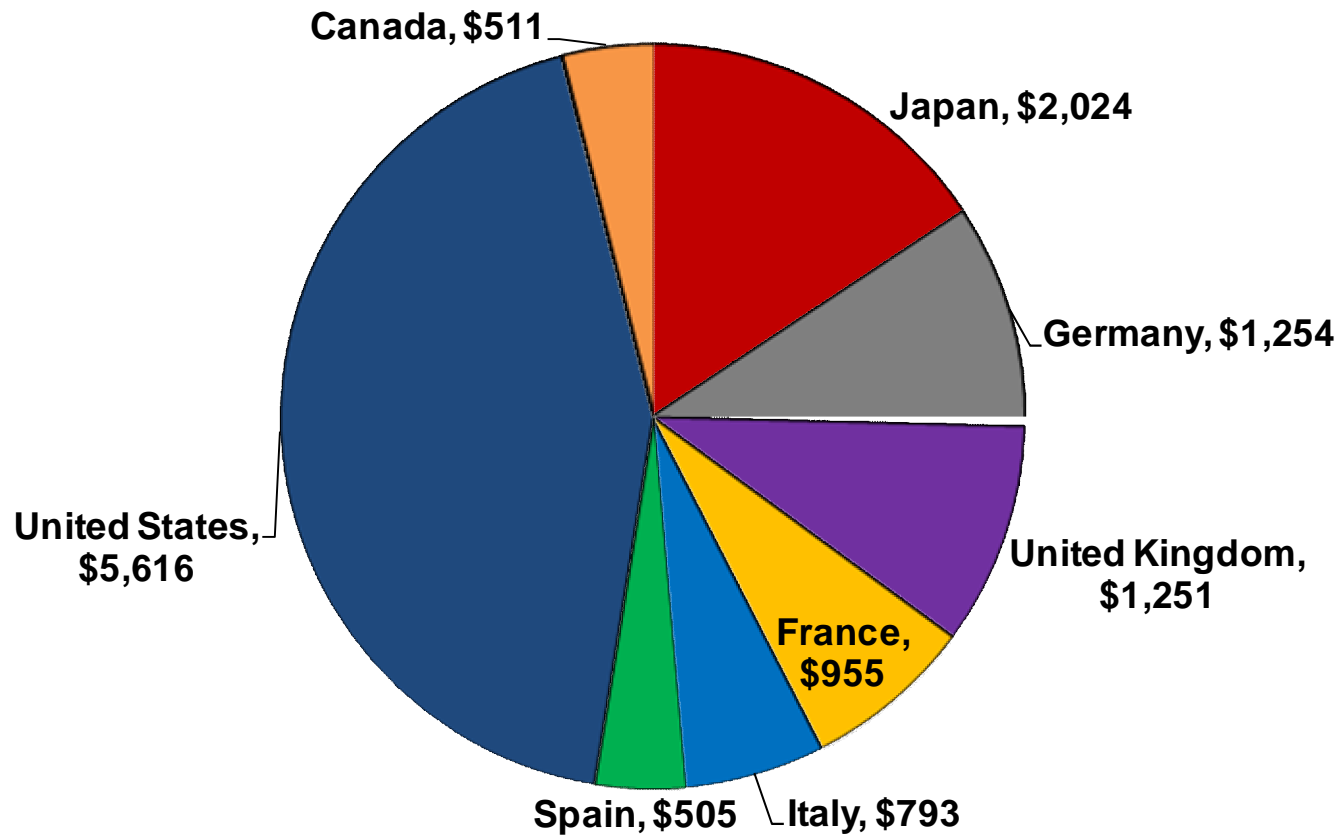


Strutt & Parker

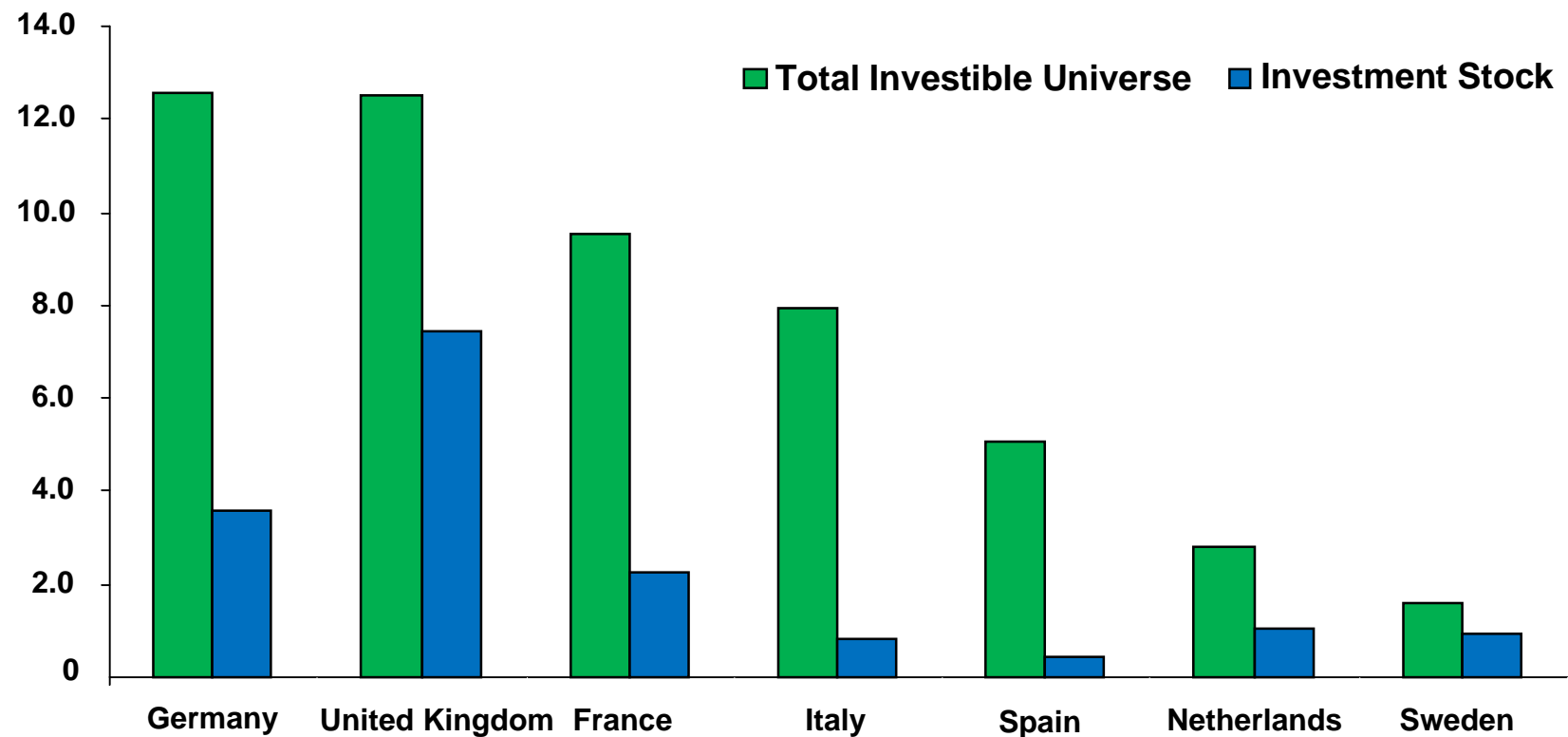
Andy Martin

Head of Commercial Division

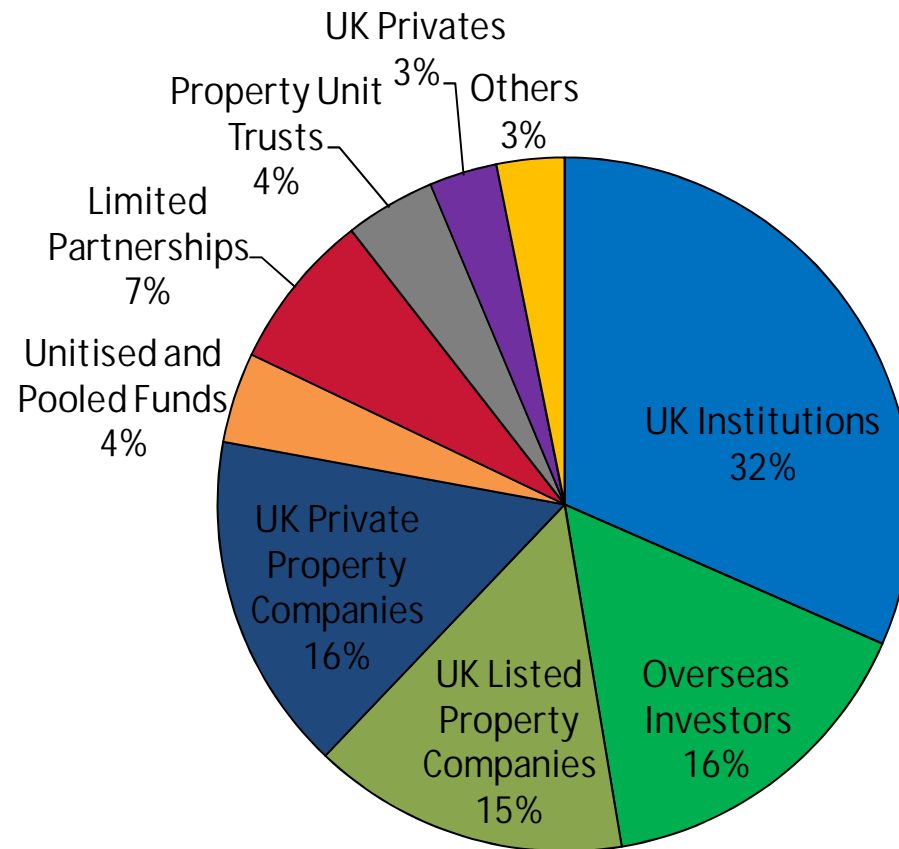
Key Global Investment Markets (\$ bn)



Invested Stock vs Investible Stock (\$ bn)



Who Owns the UK Real Estate Market?



Source: IPF / IPD / DTZ / Cass / Strutt & Parker

Performance?

Pooled property fund indices & other assets - total returns %				
NAV total return for:	3 months	Y-t-d	12 months	3 years*
All balanced funds index**	-5.7	-12.2	-19.4	1.6
All pooled funds index**	-6.8	-16.4	-24.0	0.3
Total return for:				
IPD UK monthly property index	-4.8	-10.4	-18.1	2.0
FTSE EPRA / MAREIT UK REIT Index***	5.9	-14.4	-23.9	-
FTSE Real Estate Index****	3.2	-18.6	-30.9	-5.6
FTSE All-Share Index****	-12.2	-22.0	-22.3	0.0
FTSE 5-15 yr Gilt Index****	6.3	3.9	8.8	4.1

notes:

* Annualised

** Total return index frozen as at June 2005

*** Source: FTSE International / EPRA

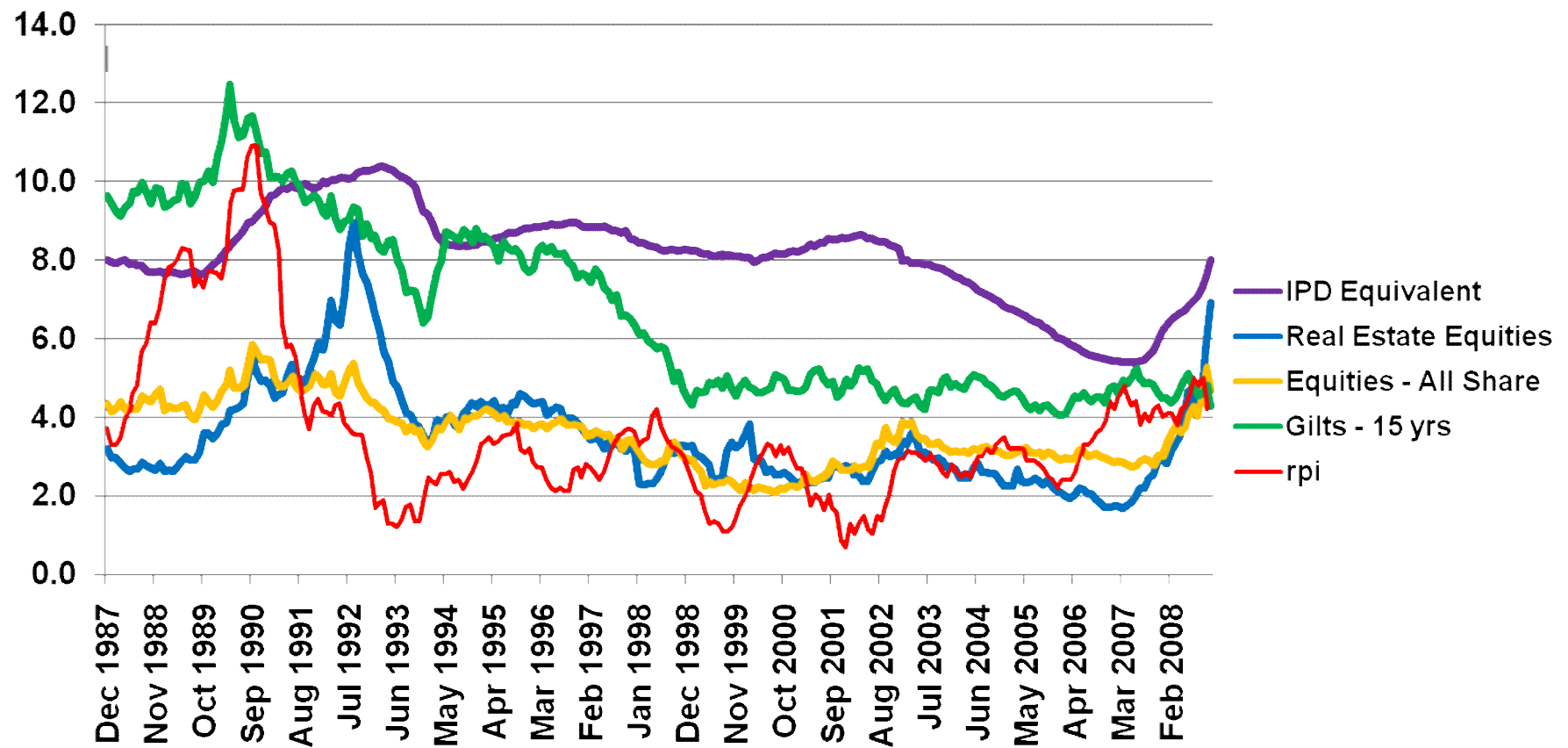
**** Source: FTSE International

Source: AREF, IPD, Strutt & Parker

Prime Yield Shift

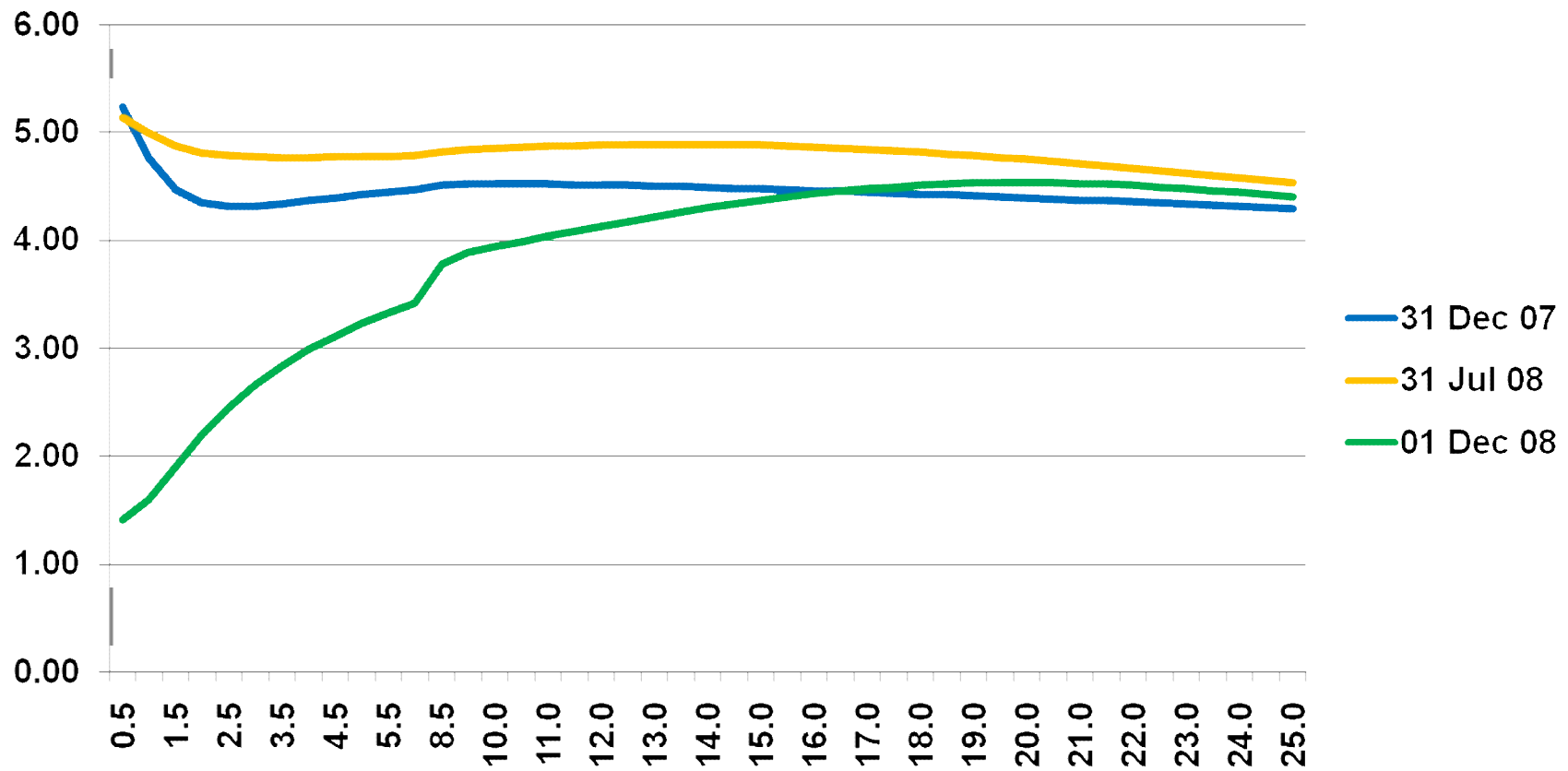
	Mid 07	Today	% Value Decrease
West End Offices	3.75%	6.00%	- 38%
City Offices	4.25%	7.00%	- 39%
SE Offices	4.75%	7.75%	- 39%
High St Retail	4.00%	6.25%	- 36%
Shopping Centres	4.50%	6.50%	- 31%
Retail Warehouses	4.00%	6.50%	- 38%
Motor Retail	4.75%	8.00%	- 41%
Industrial - Distribution	5.00%	8.00%	- 38%

Yields from 87

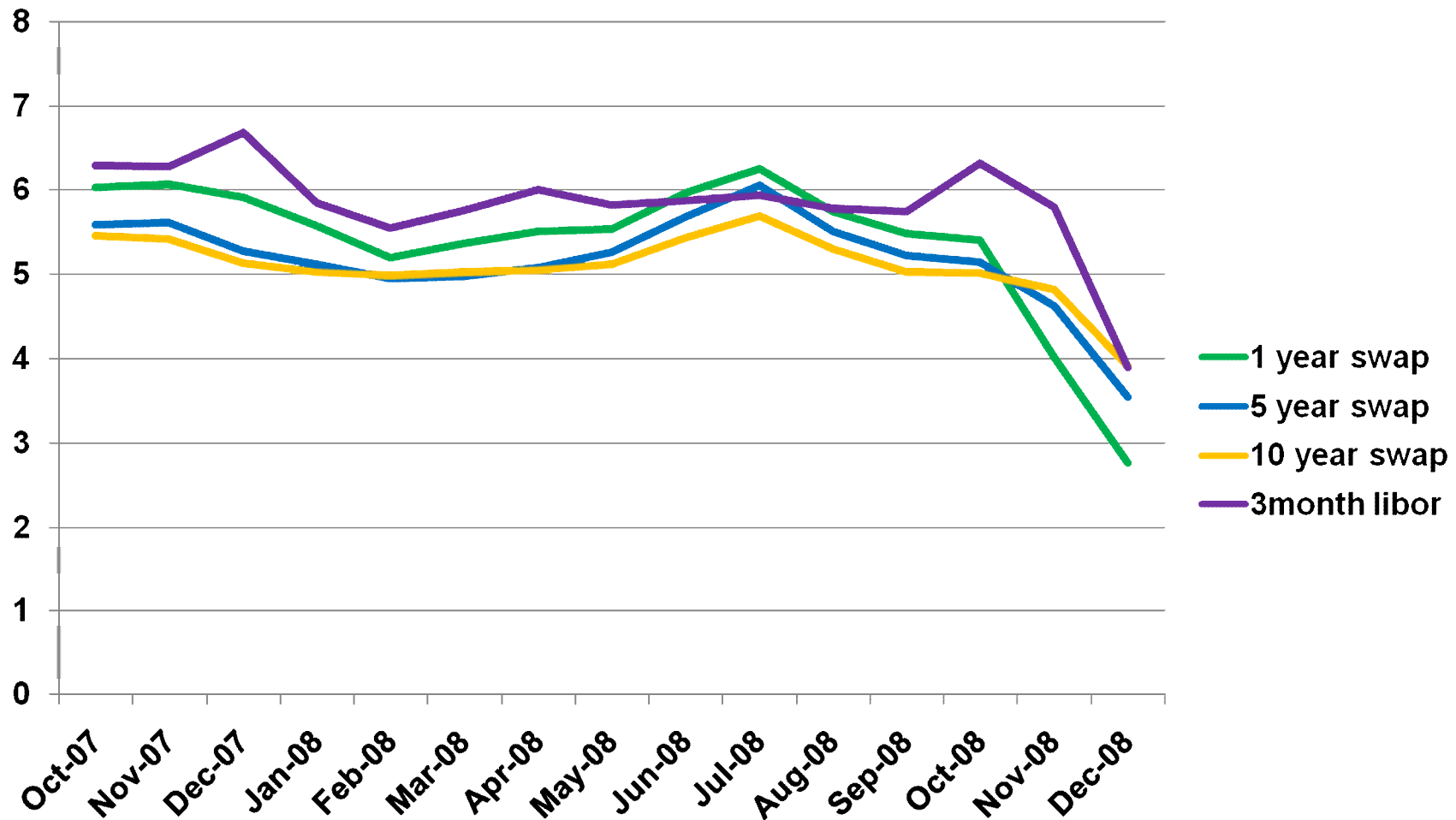


Source: IPD, Barclays, ONS, Strutt & Parker

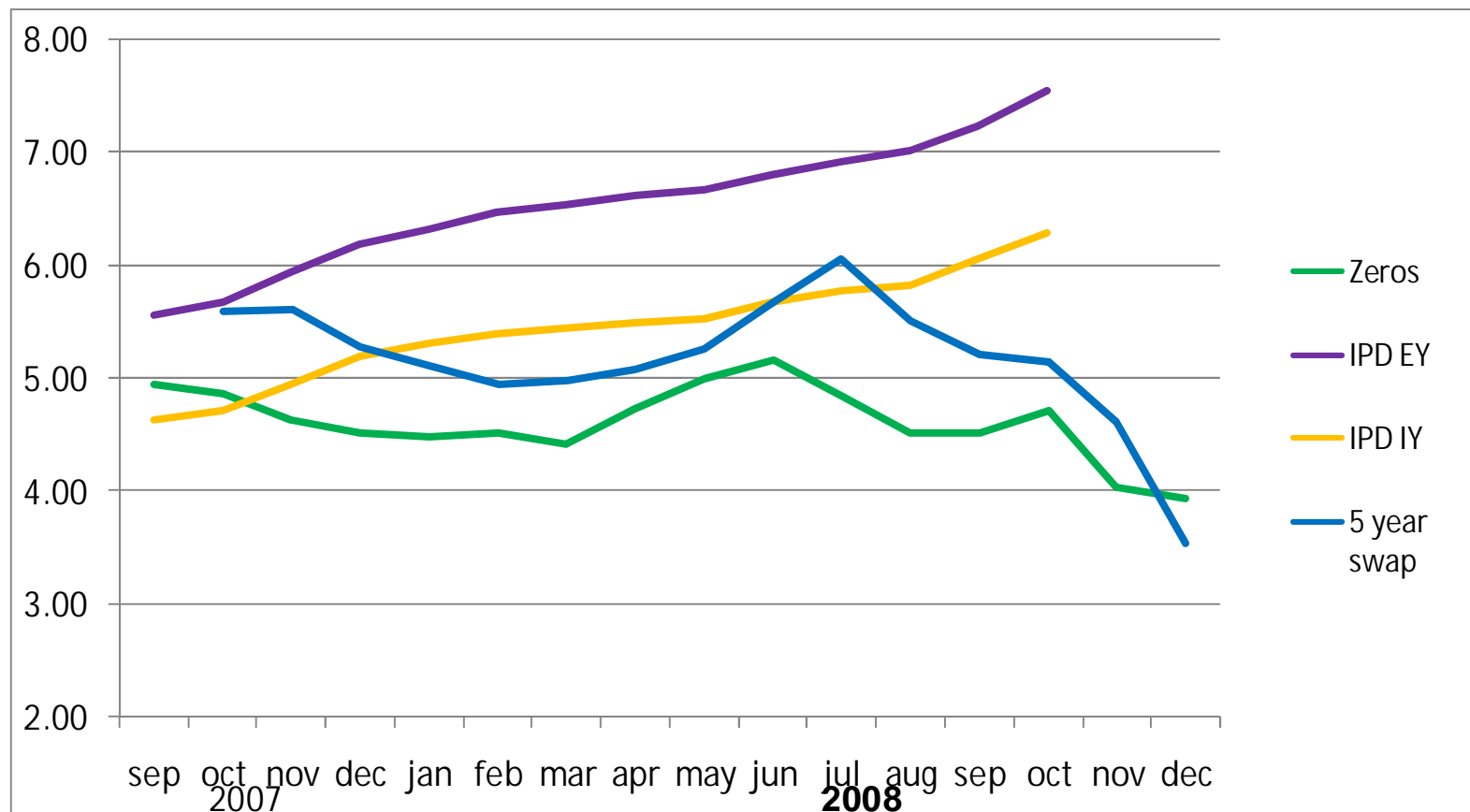
Zero coupon bond spot Price



And if you could borrow

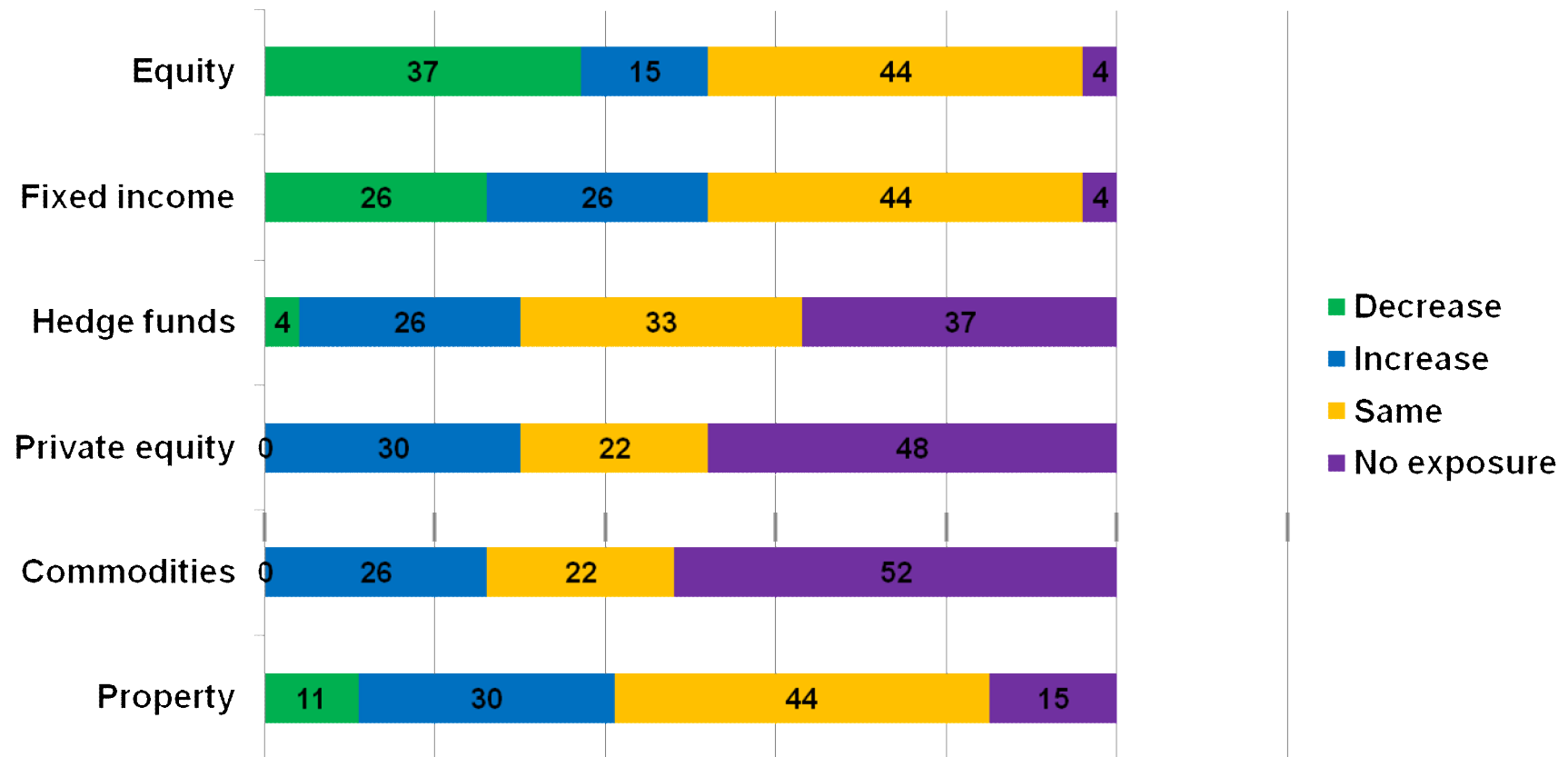


Zeros , IPD and Swaps



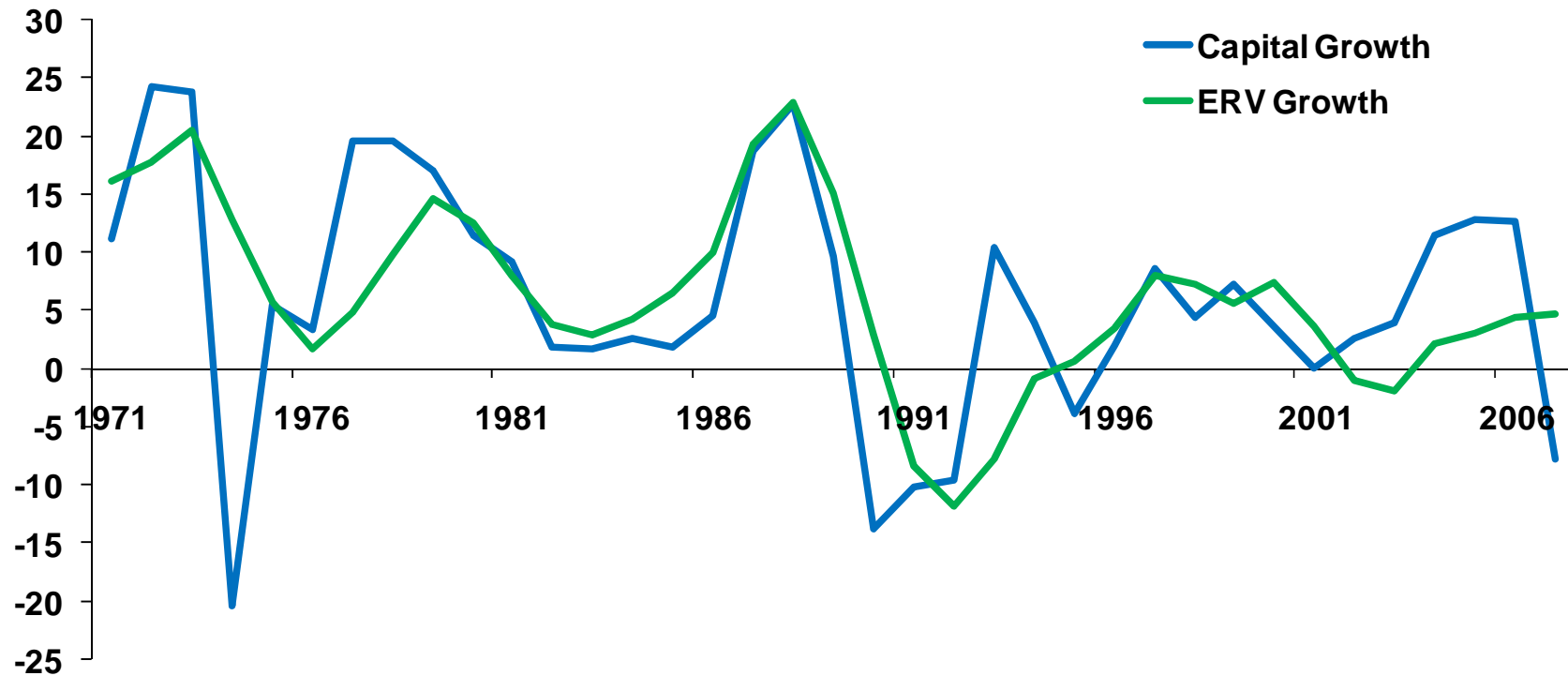
Source: IPD, BoE, Strutt & Parker

Pension fund asset allocation intentions for the next three years

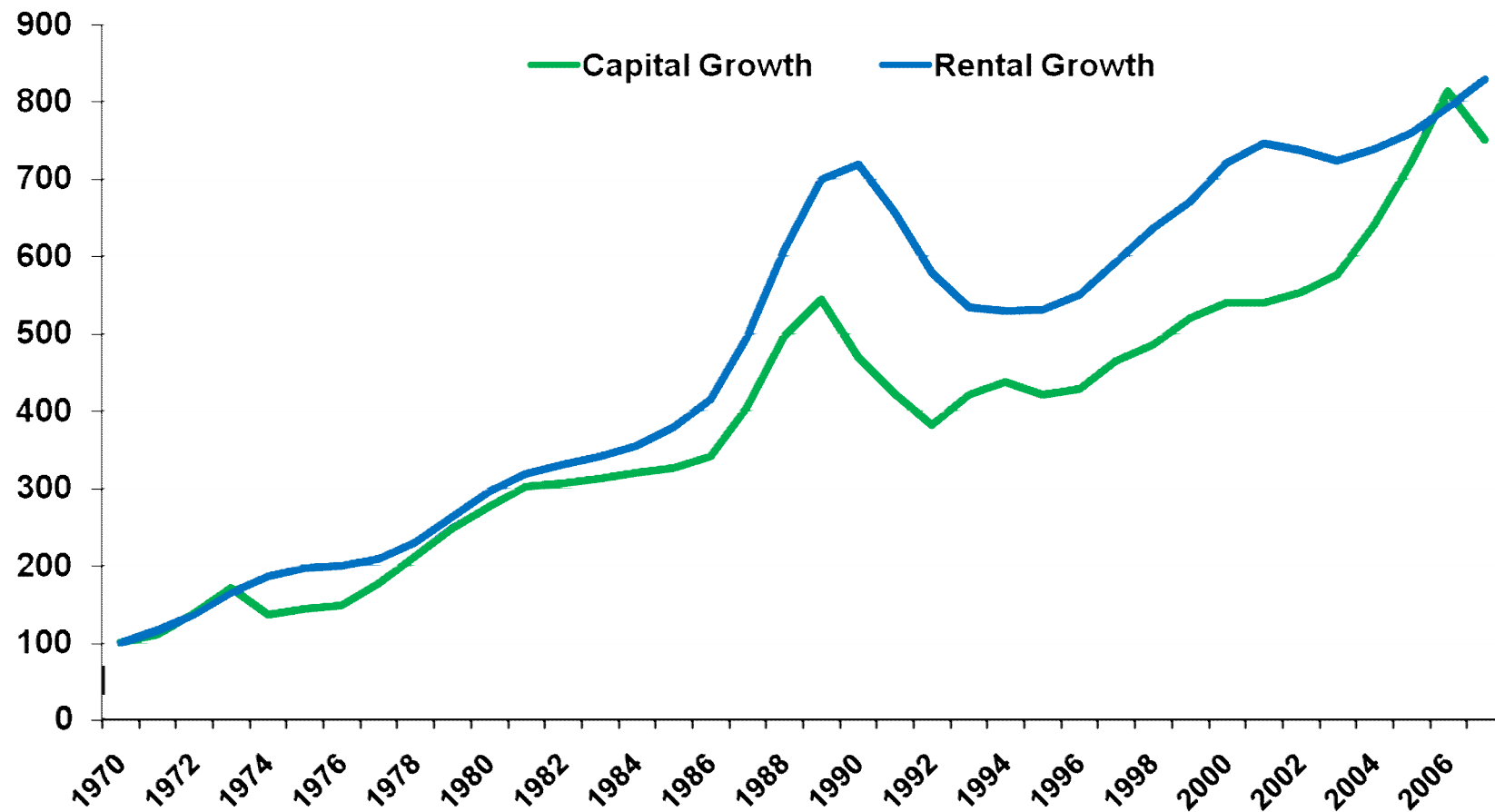


Source: bfinance, Strutt & Parker

Capital vs Rental Growth (IPD Annual)

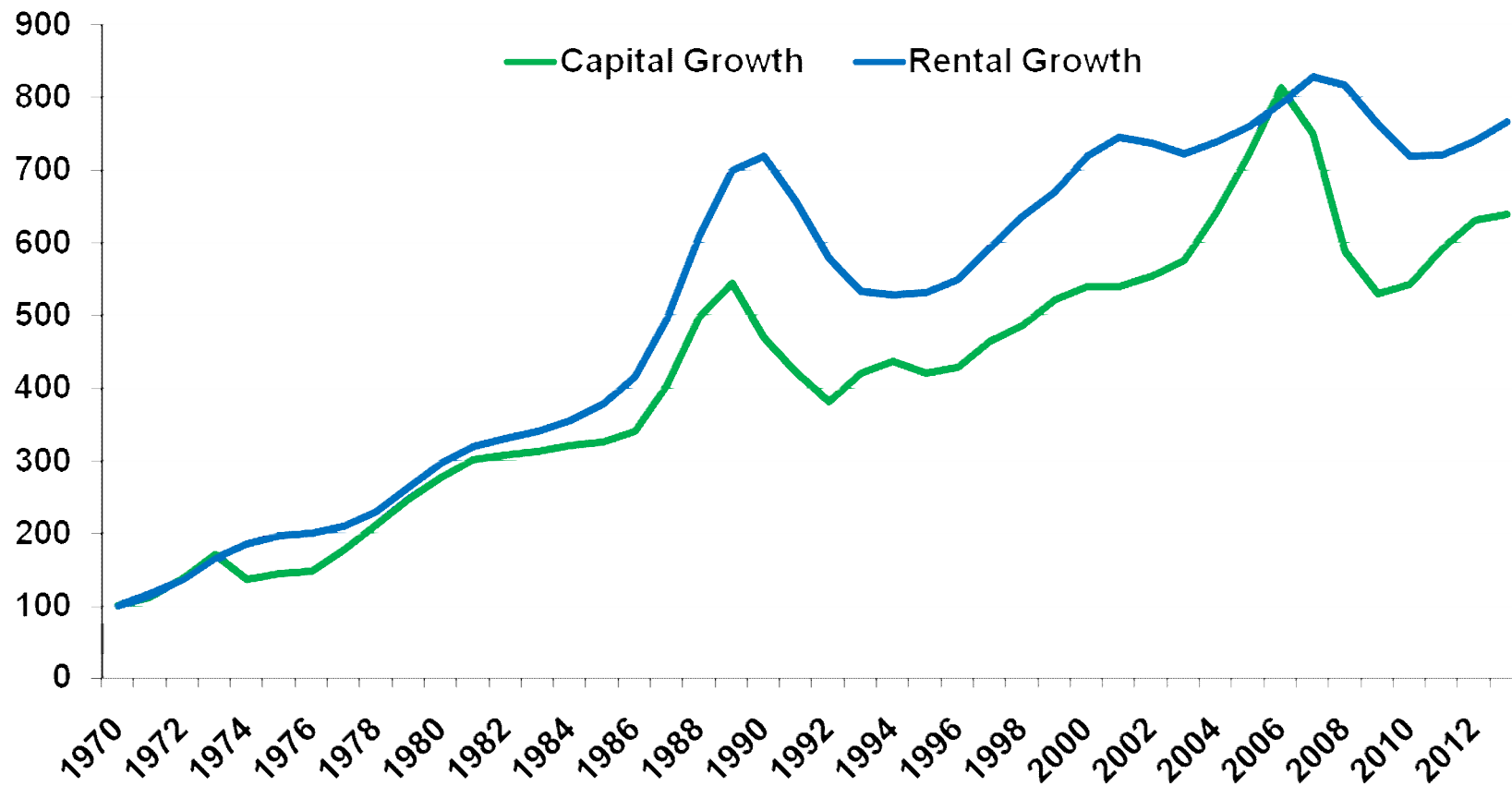


A pretty strong correlation?



Source: IPD, Strutt & Parker

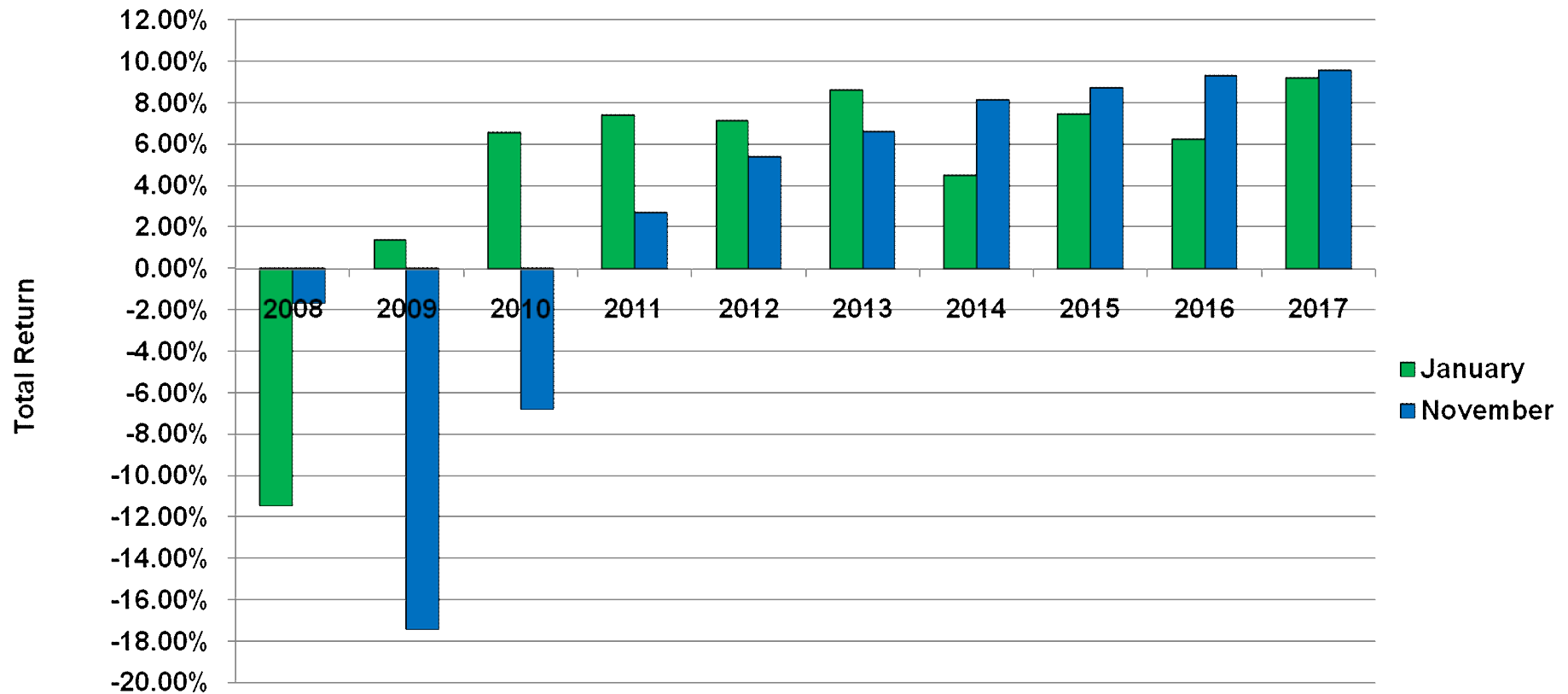
A pretty strong correlation?



Source: IPD, Strutt & Parker

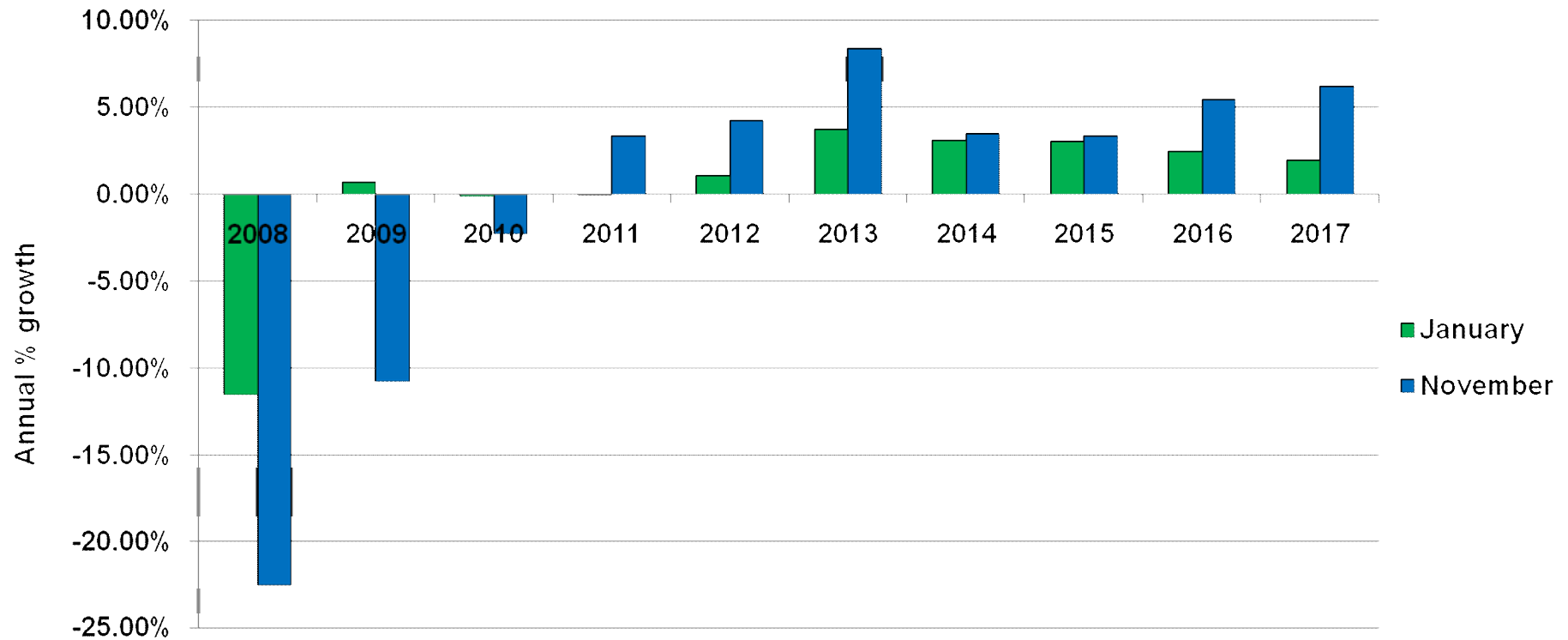
Monthly Derivative charts

Total Return Forecast Based on Commercial Property Derivatives



Monthly Derivative charts

UK House Price Changes Based on Residential Derivatives



After the tumult

7 Ways the financial landscape will change

- Financial markets more local – investors feel safer at home.
- *Laissez faire* is out, political control is in (like it or not!).
- Complexity out, simplicity in.
- Complex models out, human beings in.
- Innovation out, experience in.
- Opacity out, transparency in.
- Governance & oversight moving up the agenda.

The 'credit crunch' is likely to have a significant impact on investment markets generally, and real estate markets in particular.

Source:

**Article by Michael Gordon, Global Head of
Institution Investment, Fidelity International.
Financial Times, 6 October 2008**



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