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FRENCH AND GERMAN PROPERTY FAVOURED, AS EUROPEAN REAL ESTATE MARKETS SET TO DIVERGE

According to the latest research from Invista Real Estate Investment Management (“Invista”), property performance across Continental Europe is expected to diverge over the course of 2008, as the market digests the impact of the global credit crunch.

Invista’s European investment report focuses on the prospects of local European markets amidst the ongoing global uncertainty. Ireland, Spain and parts of Scandinavia are facing slowdowns in economic growth, and with higher risks from over-supply in the property markets, they are expected to perform less well on a relative basis than other countries in Europe.

In contrast, medium-term performance in core Western Europe, including France, Germany and Benelux, is expected to benefit from more stable economic growth outlooks and constrained supply pipelines. Occupier demand is predicted to remain steady in markets with improving growth prospects and exposure to tenants across a broad range of business sectors.

Property returns in Western Europe held up well in 2007, in contrast to the declines witnessed in the UK. Data from IPD (Investment Property Databank) records that average ungeared total returns of 12.4% in Continental Europe in 2007 were only marginally below the 13.4% achieved in 2006, whereas performance in the UK worsened over the second half of 2007, resulting in a total return of -3.4%.

Invista expects European property performance to moderate in 2008, as tightening credit markets continue to impact the property market. However, Invista’s view is that capital value declines will be less significant than those recorded in the UK since mid-2007, largely because the capital growth experienced in Continental Europe was substantially lower than in the UK property market.



Tim Francis, head of Continental European research at Invista, says: “In uncertain capital markets, where returns are expected to vary between counties, regions and sectors, investors need to identify those property markets with the potential for strong income performance. A key factor is the ability to assess the relative strength of local economies, leasing markets and property development pipelines, in addition to future pricing expectations.”

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About Invista Real Estate Investment Management

Invista Real Estate Investment Management is the largest UK listed real estate fund management group and was voted Property Fund Manager of the Year at the 2007 Property Awards. The Group manages both commercial and residential property across the UK and continental Europe, and has a total of £8.7 billion of assets under management as at 31 December 2007. Invista Real Estate manages a total of 19 funds as at 31 December 2007, some of which are for the largest UK providers of savings and investment products such as Clerical Medical, Halifax and St. James's Place. Invista Real Estate also manages a number of collective investor funds, including real estate investment trusts and open ended funds such as [Invista Foundation Property Trust](#) and [Invista European Real Estate Trust](#) which are listed on the main market of the London Stock Exchange as well as the fund of specialist funds, the Invista Property Portfolio Fund. Invista Real Estate has offices in London, Paris and Guernsey and employs over 100 people.

For more information on Invista Real Estate or the funds it manages visit www.invistarealestate.com.

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