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INVESTMENT MANAGEMENT.

Global Real Estate Capital

GSB Real Estate Conference

November 5, 2007

Topics

- Macro global trends
- Global capital flows
- Investable universe

Macro Global Trends (for Real Estate Investors)

- Contraction in liquidity has “permanent” (highly-structured debt) and temporary (equity) aspects
- Growth of cross-border portfolios accelerated by:
 - 1) Euro-zone
 - 2) Asia growth
 - 3) Weak USD
- Expansion of the investable universe (40-year trend)
- Shift from owner-occupied to investor-owned (30-year trend)
- Securitization accelerates - debt and equity (20-year trend)

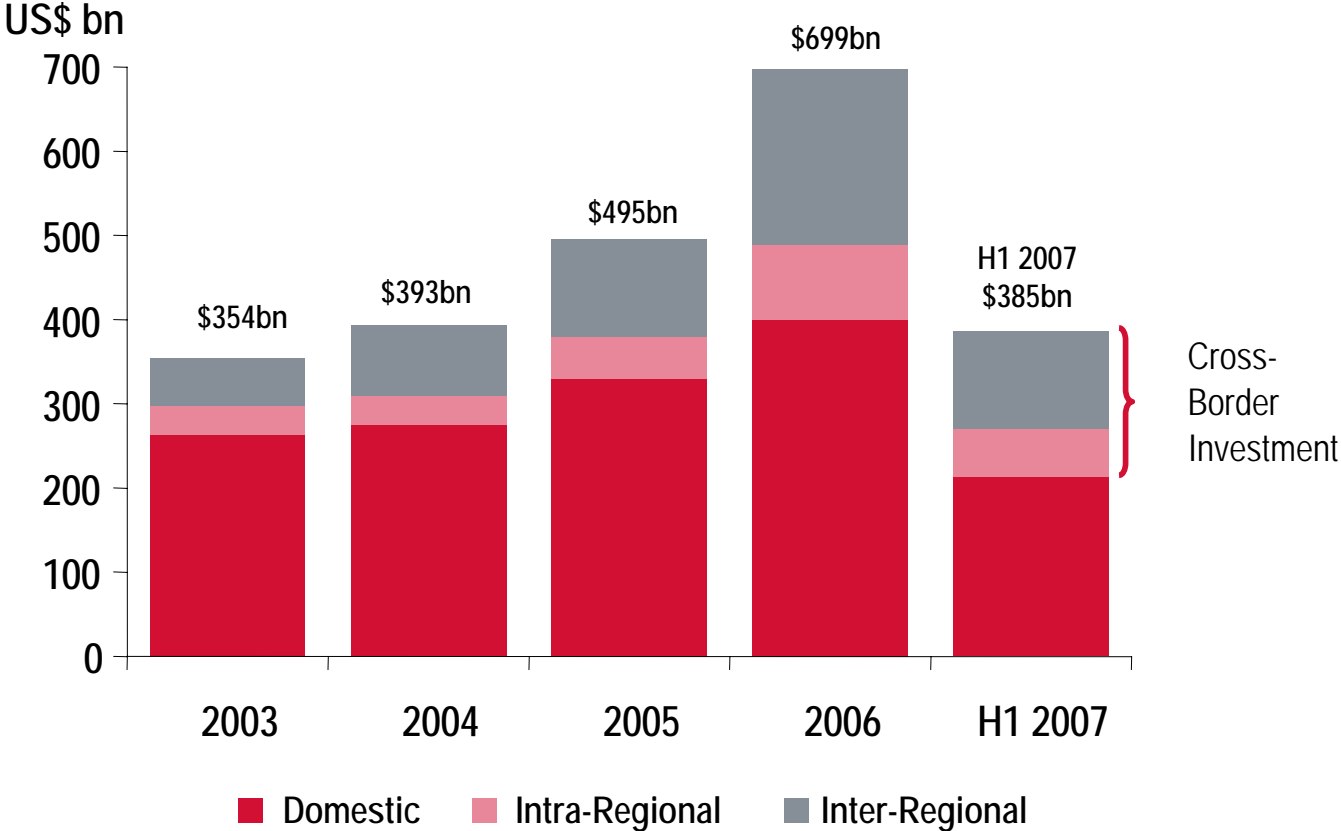


Macro Global Trends (for Real Estate Investors)

- Rise of the “Private Equity” model (10-year trend)
- Asset allocation to four types of “real assets” (5-year trend)
 1. Commodities
 2. Index-linked bonds (TIPs, IL-Gilts)
 3. Real estate
 4. Infrastructure
- Derivatives taken seriously by real estate investors (2-year trend)

Record Volumes Continued in H1 2007

Global direct commercial real estate investment leapt 25% to \$385bn

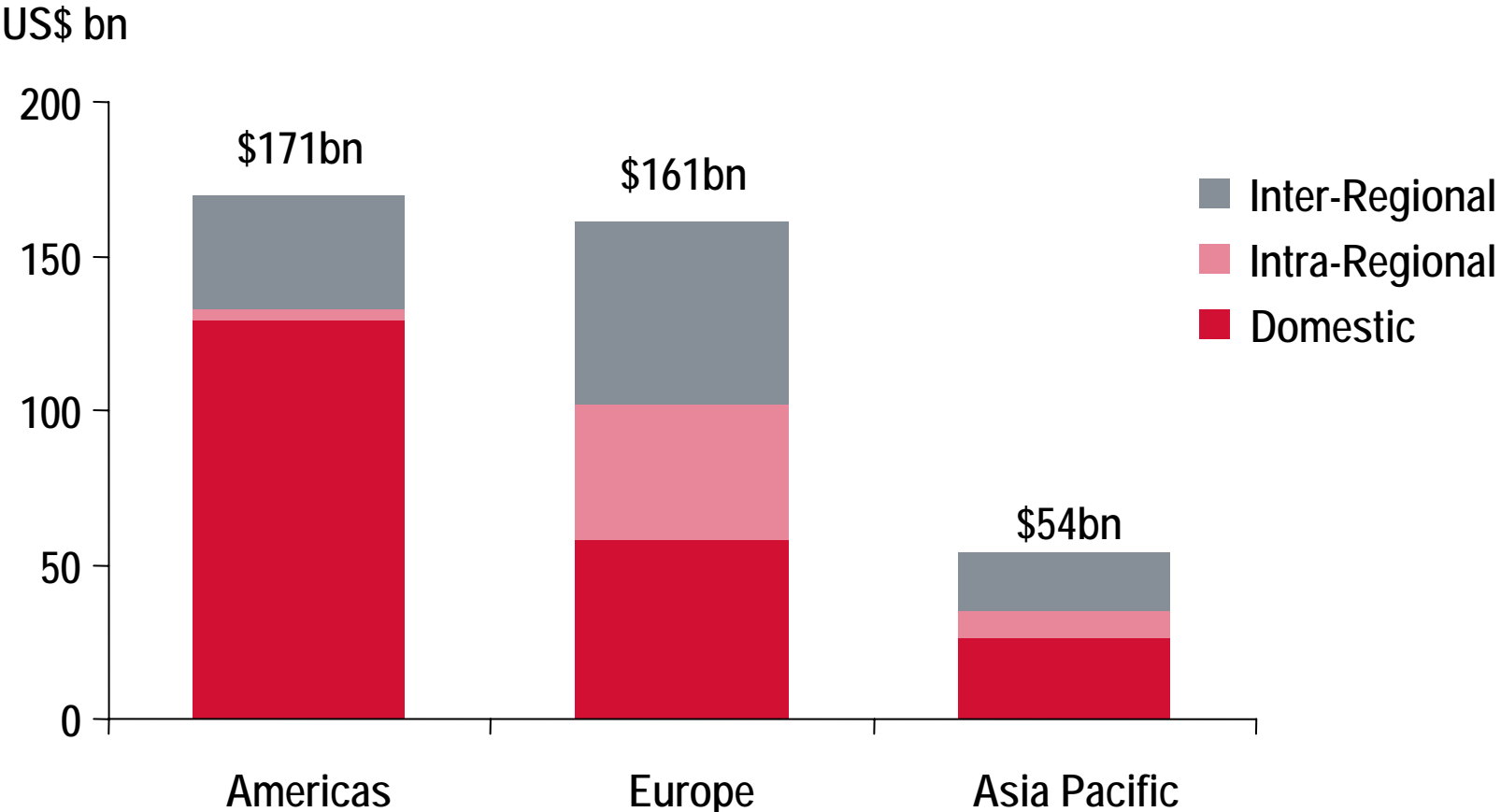


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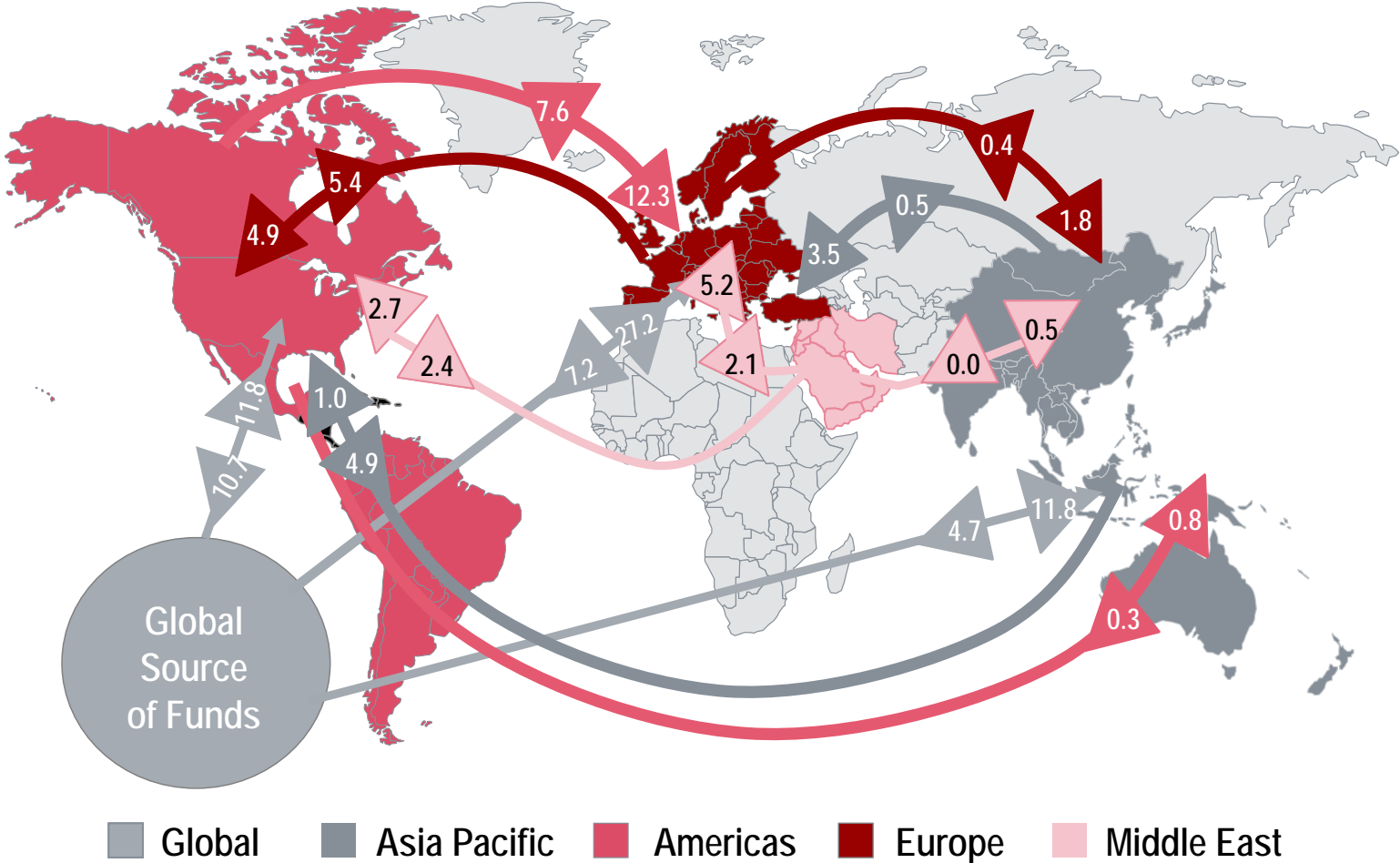
Source: Jones Lang LaSalle; Property Data (UK); KTI (Finland), Real Capital Analytics (USA)

Unprecedented transaction levels in all regions

Europe has the highest level of 'Cross-Border' transactions



Inter-regional capital flows of \$115bn in H1 2007

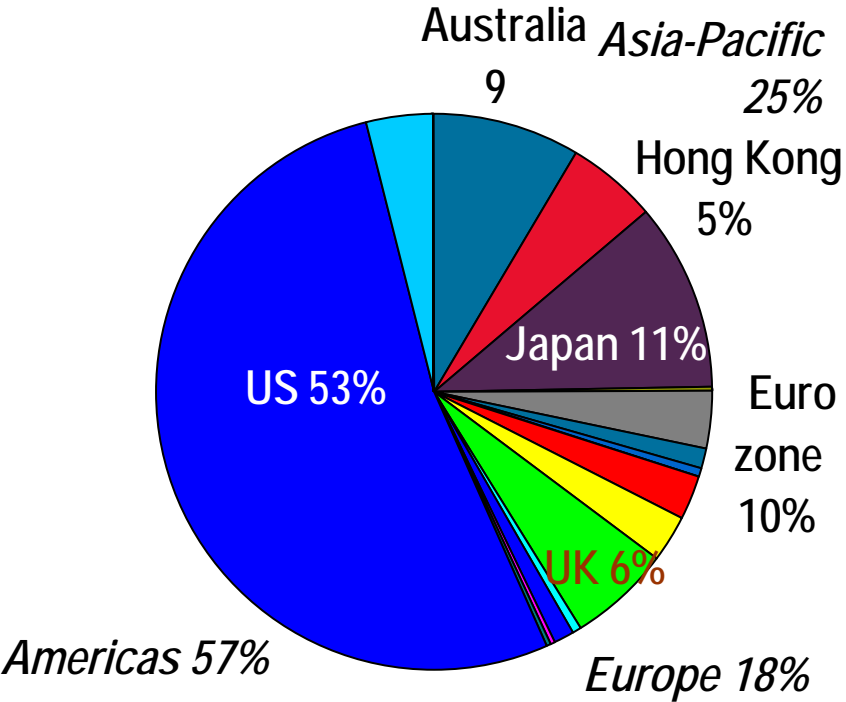


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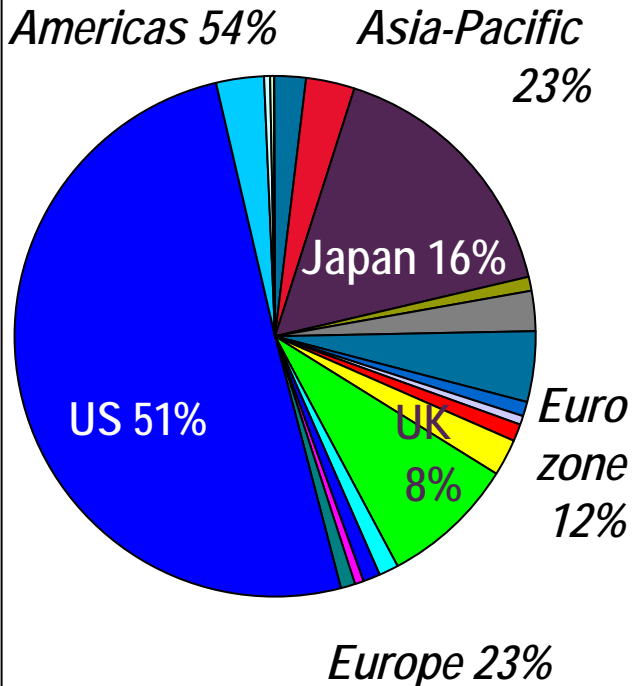
Source: Jones Lang LaSalle; Property Data (UK); KTI (Finland), Real Capital Analytics (USA)

Global Real Estate Universes (2007)

Listed Assets US \$ 1.8 trillion



Institutional US \$ 9 trillion



- Australia
- Hong Kong
- Japan
- Other Asian
- France
- Germany
- Italy
- Spain
- Netherlands
- Other Eurozone
- UK
- Switzerland
- Sweden
- C & E Europe
- Other European
- US
- Canada
- Mexico
- Brazil
- Other

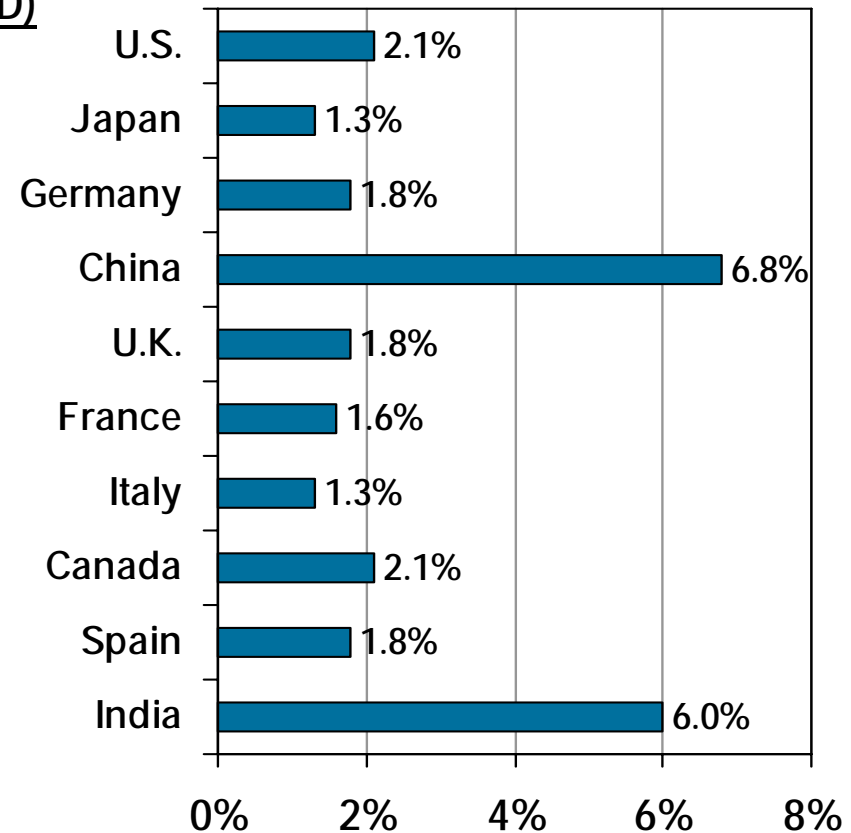
Sources: EPRA/NAREIT, LaSalle Investment Management

Modest Growth in the Ten Largest Economies

Exception: China and India

Rank	Country	2006 GDP (Bil USD)
1.	U.S.	\$13.1
2.	Japan	4.3
3.	Germany	2.9
4.	China	2.7
5.	U.K.	2.3
6.	France	2.2
7.	Italy	1.8
8.	Canada	1.2
9.	Spain	1.2
10.	India	0.9

Real Annualized GDP Growth Rate 2007-11



Source: EIU



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