The Move Towards Global Property Investment

Nic Lyons, CEO
The GPT Group
THE GPT GROUP (GPT)

- General Property Trust originally established in 1971
- Total Australian assets of $8.7 billion, >50 properties
  - Retail, Office, Industrial/ Business Park, Hotel/ Tourism, Masterplanned Urban Communities
- Top 30 entity, 10% of LPT index
  - Substantial investor base
- Debt 30.5% of total assets vs LPT average of 37%
- Stapled, internally managed GPT Group created June 2005
  - Joint venture with Babcock & Brown established June 2005
  - Offshore investment through JV now $2.4 billion
Property market fundamentals

- Highly securitised property market
- Strong capital inflows
  - Growth in superannuation industry
  - Aging population
Property Performance

- Attractive return characteristics
  - Income plus growth
  - Regular income stream
  - Tax advantages
  - Stable returns
LPT Vs BONDS

ASX LPT 200 v 10 year Bond yield

%

3 3.5 4 4.5 5 5.5 6 6.5 7

Jan-01 Jul-01 Jan-02 Jul-02 Dec-02 Jun-03 Dec-03 Jun-04 Dec-04 May-05 Nov-05

0 5000 10000 15000 20000 25000 30000 35000

10 yr Bond yield ASX 200
LPT Vs ASX 2000

ASX LPT 200 (acum. index) v ASX 200 (acum. index)
ACCESS TO BROADER RANGE OF MARKETS

- Different fundamentals
- Lower levels of securitisation

ABILITY TO ACQUIRE ACCRETIVELY

ACCESS TO HIGHER LEVELS OF GROWTH

GREATER DIVERSITY

ABILITY TO MANAGE TO EXTRACT VALUE
GLOBAL INVESTMENT: RISKS

- Country
- Currency
- Financing
• Access offshore markets to enhance returns without materially increasing risk
• Allocation of 15% of total assets to JV with Babcock & Brown
  – Ability to access higher growth through offshore investment and funds management activities
  – Access to Babcock & Brown’s global real estate deal pipeline
• JV delivers significant increase in earnings and distributions
• Australian core portfolio remains 85% of assets
Stable cashflows, with strong covenants
Leveraged to 75%, non-recourse debt, hedged
Locked in yield spread
IRR on ordinary equity 15% (after tax)
Upside potential
  - Cap rate compression (market, portfolio premium)
  - Management ‘value add’
Exit options
  - Trading
  - Securitisation
  - Re-financing
• Investment rationale
  – Economy at a cyclical low, positive longer term attributes
  – Fragmented ownership
  – Under managed – opportunity to add value
  – Stable demand
  – Opportunity to acquire at below replacement cost (barrier to entry)
  – Scaleable
  – Institutional investor interest building

• Strategy
  – Partner with a proven property manager
  – Target selected markets
  – Active portfolio management

• Key investment criteria
  – Stable tenant demand
  – Minimal social issues
  – Value add potential through management
$2.38 billion assets acquired October 2005
- $450 million capital committed
- Assets performing to expectations

Portfolios
- German residential (31%)
- German retail (20%)
- Central & Eastern European retail (12%)
- European light industrial (14%)
- US retail (18%)
- German office (5%)
INDUSTRIAL

Smart, Utrecht, Netherlands

Business Centre Rivium, Rotterdam, Netherlands
GERMAN RETAIL

Nedderfeld, Hamburg

Landerberger Strasse, Munich, Bavaria
<table>
<thead>
<tr>
<th>Stable cashflows</th>
<th>German Residential</th>
<th>German Retail</th>
<th>Light Industrial</th>
<th>Galerie Pomorska</th>
<th>US Mall Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 11,000 tenancies</td>
<td></td>
<td>AWLE 10+ yrs Strong covenants</td>
<td>~ 1,000 tenants (at full investment)</td>
<td>Market dominant</td>
<td>Market dominant</td>
</tr>
</tbody>
</table>

| Attractive spreads    | Property yield 6.3% | Property yield 7.1% | Property yield 7.4% | Property yield 7.3% | Property yield 7.9% |

| Upside at exit        | lower yields | aggregation | lower yields | aggregation | lower yield | re-leasing | FM Fees | repositioning | FM Fees |
|                       | trading assets |           | FM Fees     |           | FM Fees     |           |         |              |         |
### CURRENT FORECAST

<table>
<thead>
<tr>
<th></th>
<th>CY04</th>
<th>CY05&lt;sup&gt;1&lt;/sup&gt;</th>
<th>CY06</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS stand alone (cents)</td>
<td>22.0</td>
<td>22.9</td>
<td>23.6</td>
</tr>
<tr>
<td>DPS post internalisation/JV (cents)</td>
<td>n/a</td>
<td>24.4</td>
<td>27.5</td>
</tr>
<tr>
<td>% increase (vs stand alone)</td>
<td>n/a</td>
<td>6.5%</td>
<td>16.5%</td>
</tr>
<tr>
<td>% growth (year on year)</td>
<td>3.8%</td>
<td>10.9%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Actual distribution, not annualised

Forecast in GPT Notice of Meeting & Explanatory Memorandum dated 2 May 2005.
MANAGEMENT OF RISK

• Financing
  – Use of non-recourse debt
  – Hedging of interest rate risk

• Currency
  – Capital fully hedged
  – Income rolling hedge

<table>
<thead>
<tr>
<th>Duration</th>
<th>Hedge Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>90 – 100%</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>80 – 100%</td>
</tr>
<tr>
<td>2 to 3 years</td>
<td>70 – 90%</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>50 – 80%</td>
</tr>
</tbody>
</table>
RISK MANAGEMENT

- Allocation of only 15% of total assets
- Partner with local knowledge/track record
- Robust acquisition process
  - Due diligence
  - Independent valuations
- Management systems
  - Asset management resources & reporting
  - Retail asset management
QUESTIONS
Disclaimer
The information provided in this presentation has been prepared by the GPT Group comprising GPT RE Limited (ACN 107 426 504) AFSL (286511), as responsible entity of the General Property Trust, and GPT Management Holdings Limited (ACN 113 510 188).
The information provided in this presentation is for general information only. It is not intended to be investment, legal or other advice and should not be relied upon as such. You should make your own assessment of, or obtain professional advice about, the information described in this paper to determine whether it is appropriate for you.
You should note that returns from all investments may fluctuate and that past performance is not necessarily a guide to future performance. Furthermore, while every effort is made to provide accurate and complete information, the GPT Group does not represent or warrant that the information in this presentation is free from errors or omissions, is complete or is suitable for your intended use. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information - such material is, by its nature, subject to significant uncertainties and contingencies. To the maximum extent permitted by law, the GPT Group, its related companies, officers, employees and agents will not be liable to you in any way for any loss, damage, cost or expense (whether direct or indirect) howsoever arising in connection with the contents of, or any errors or omissions in, this presentation.
Information is stated as at the date of this presentation unless otherwise indicated. All values are expressed in Australian currency unless otherwise indicated.