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Pacific Rim Real Estate Society

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Director
IPD
Performance ?
Variety of attributes to assess and a number of tools to choose from.

Walk through some of the methodologies IPD applies

Techniques shown provide for the analysis of:
- The performance attributes of Direct Real Estate Investments
- The performance attributes of Real Estate Funds
- The application of these for multinational investors.

NOTE. Returns quoted are not those of the respective markets identified
Analysis of:
- Rents and yields
- Lease length to expiry
- Irrecoverable management costs
- Tenant covenant strength
- Vacancies and voids
Range of benchmark returns over last year
Funds ranked between 5th and 95th percentiles

Funds
Benchmark
Fund
IPD Summary Performance Tree
...year ending September 200?

Components of Return

Income Return
- Blackcaps: 6.8
- Benchmark: 6.6
- Relative: 0.2

Capital Growth
- Blackcaps: 7.5
- Benchmark: 10.1
- Relative: -2.6

Attribution of Relative Return

Asset Allocation
- Blackcaps: -2.9
- Benchmark: -2.6

Stock Selection
- Blackcaps: +0.4
- Benchmark: +0.4

Weighted Contributions

Purchases
- Blackcaps: -1.7
- Benchmark: -0.6
- Relative: +0.5
- Sold Props: +0.3
- Indirect Assets: -0.2
- Part Trans.: -0.8
Sources of performance - last 12 months
capital growth and income return by segment (DPSI)
Sources of performance - last 12 months
relative capital growth and income return (DPSI)

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Major contributions to relative return
last 12 months

<table>
<thead>
<tr>
<th>Asset</th>
<th>Contribution</th>
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</thead>
<tbody>
<tr>
<td>ASSET A</td>
<td>0.32</td>
</tr>
<tr>
<td>ASSET B</td>
<td>0.28</td>
</tr>
<tr>
<td>ASSET C</td>
<td>0.14</td>
</tr>
<tr>
<td>ASSET D</td>
<td>0.14</td>
</tr>
<tr>
<td>ASSET E</td>
<td>0.07</td>
</tr>
<tr>
<td>Rest of Fund</td>
<td>-1.09</td>
</tr>
<tr>
<td>ASSET F</td>
<td>-0.37</td>
</tr>
<tr>
<td>ASSET G</td>
<td>-0.38</td>
</tr>
<tr>
<td>ASSET H</td>
<td>-0.42</td>
</tr>
<tr>
<td>ASSET I</td>
<td>-0.49</td>
</tr>
<tr>
<td>ASSET J</td>
<td>-0.72</td>
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</tbody>
</table>
 Attribution of relative return - last 12 months

-8.0  -6.0  -4.0  -2.0  0.0  2.0  4.0  6.0  8.0

-8.0  -6.0  -4.0  -2.0  0.0  2.0  4.0  6.0  8.0

NSW Industrial
Vic Industrial
Qld Industrial
Other Industrial
Sydney Office
Melbourne Office
Brisbane Office
Other Office
Qld Regional SC
NSW Regional SC
Aust. Otr Reg SC
Aust. Sub Reg
CBD Retail
Other Retail
Total

Asset Allocation
Stock Selection

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Year to end December 2003 - Sources of performance
All Benchmarked Assets

Attribution of relative return

France - Retail
France - Office
France - Industrial
France - Residential
Germany - Retail
Germany - Office
Germany - Industrial
Germany - Residential
Netherlands - Retail
Netherlands - Office
UK - London Offices
Other
TOTAL

-2.0  -1.5  -1.0  -0.5  0.0  0.5  1.0  1.5

Structure
Property
IPD Summary Performance Tree
...year ending September 200?

Fund Return
- Blackcaps 18.4
- Benchmark 20.4
- Relative -2.1

All Real Estate only
- Blackcaps 14.3
- Benchmark 17.3
- Relative -2.5

Components of Return
- Income Return
  - Blackcaps 6.8
  - Benchmark 6.6
  - Relative 0.2
- Capital Growth
  - Blackcaps 7.5
  - Benchmark 10.1
  - Relative -2.6

Attribution of Relative Return
- Asset Allocation -2.9
- Stock Selection +0.4

Weighted Contributions
- Purchases -1.7
- Developments -0.6
- Held Props +0.5
- Sold Props +0.3
- Indirect Assets -0.2
- Part Trans. -0.8
Analysis of different layers built up using ‘impacts’ to get to the vehicle return.

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Direct Property</td>
<td>13.9</td>
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<tr>
<td>Other Assets</td>
<td>-0.2</td>
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<tr>
<td>Cash</td>
<td>-0.1</td>
</tr>
<tr>
<td>Debt</td>
<td>3.9</td>
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<tr>
<td>Costs &amp; Fees</td>
<td>-2.4</td>
</tr>
<tr>
<td>Equity Pricing</td>
<td>3.3</td>
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<tr>
<td>Vehicle Return</td>
<td>18.4</td>
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Benchmarking Vehicle Level Returns

<table>
<thead>
<tr>
<th>Category</th>
<th>Fund Return</th>
<th>Benchmark Return</th>
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<tbody>
<tr>
<td>Direct Property</td>
<td>13.9</td>
<td>13.4</td>
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<tr>
<td>Other assets</td>
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<td></td>
</tr>
<tr>
<td>Cash</td>
<td>-0.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Debt</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Cost &amp; Fees</td>
<td>-2.4</td>
<td>-2.8</td>
</tr>
<tr>
<td>EPR</td>
<td>3.3</td>
<td>5.6</td>
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<tr>
<td>Fund Return</td>
<td>18.4</td>
<td>20.4</td>
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</tbody>
</table>

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Fund 18.4%

Benchmark 20.4%

<table>
<thead>
<tr>
<th>Category</th>
<th>Fund</th>
<th>Benchmark</th>
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</thead>
<tbody>
<tr>
<td>Equity Pricing</td>
<td>3.3</td>
<td>5.6</td>
</tr>
<tr>
<td>Residual</td>
<td>-2.4</td>
<td>-2.8</td>
</tr>
<tr>
<td>Costs &amp; Fees</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Debt Contribution</td>
<td>-0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Cash</td>
<td>-0.2</td>
<td>0.6</td>
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<tr>
<td>Other and Indirect Assets</td>
<td>13.9</td>
<td>13.4</td>
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</tbody>
</table>
A full matrix of assets and markets
Conclusions

- There are a range of attributes that make up performance in the Real Estate Sector. Spend time identifying those you want to manage and benchmark.
  - Risk Profiles
  - Cashflow Credit Ratings
  - Occupier Requirements
- Exercise care in your selection of a benchmark.
- Assess performance in the correct context.
Thanks for your time and attention

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