GPT
GENERAL PROPERTY TRUST

General Property Trust
ASX Announcement and Media Release

Independent Expert Recommends Against Acceptance of the Stockland Offer in its Present Form at the Present Time

20 December 2004

GPT has received the Report from Independent Expert Grant Samuel and Associates Pty Limited (Grant Samuel), which evaluated the takeover offer proposed by Stockland.

The Grant Samuel report concludes that:

> **“there are no compelling reasons to accept the Stockland Offer in its present form at the present time. By not accepting the Stockland Offer, GPT unitholders will leave GPT in play and possibly encourage Stockland to lift its offer. There is no imperative to act quickly. Unitholders should wait to see what other proposals emerge.”**

Grant Samuel said, “GPT unitholders need to determine what course of action to take in an environment where various parties are potentially interested in GPT. The struggle for ownership and control of GPT has been underway for over six months but continues to evolve. With the defeat of the Lend Lease Proposal, the Stockland Offer is the only offer formally on the table. However, the potential for alternative proposals to emerge remains. Lend Lease will inevitably continue to have a vital interest in GPT’s future. The Westfield Group has disclosed a significant holding of GPT units (6.5%) but has not indicated its position regarding GPT.

“It is difficult to recommend the Stockland Offer as fair when it is demonstrably inferior in value terms to the Lend Lease Proposal which was rejected by GPT unitholders (albeit by a minority of unitholders). There are some grounds on which the Stockland Offer could be argued to be reasonable. The value of the offer exceeds the prices at which GPT units are likely to trade in the absence of takeover speculation. On the other hand, there are no obvious reasons to accept an offer that is not fair. GPT has an open register and is clearly a strategically attractive asset. Certainly, it would be unwise to assume at this stage that no better alternative will come forward. Neither of the criteria of “fairness” and “reasonableness” give clear guidance as to whether or not to accept the Stockland Offer in the current circumstances.

“In Grant Samuel’s view, Stockland securities are likely to trade at a yield of 6.7-6.9% post the acquisition of GPT implying a price in the range $5.75-5.90 per stapled security. On this basis, the value of the Stockland Offer is $3.50-3.59 per GPT unit. Based on the weighted average market price of Stockland securities since the announcement of its offer of $5.90, the “see through” value of the Stockland Offer is $3.53 per GPT unit after adjusting for differences in distribution entitlements.”

Grant Samuel also note that the value of Stockland's Offer exceeds both their estimate of the price range within which GPT units would probably trade on fundamentals in the absence of any takeover (of $3.20 - 3.25) and GPT's NTA per unit (of $2.74) at 30 June 2004.

Against this background, the Independent Expert also makes a number of points about the comparative value of the Stockland scrip-for-scrip offer:

- "the value of the Stockland Offer is only just above the range of prices ($3.45-3.55) at which GPT units were trading prior to 6 August 2004 when the final terms of the Lend Lease Proposal were announced and is below the current unit price of around $3.70;

- the value of the Stockland Offer is well below the value of $3.72 attributed to the Lend Lease Proposal. Based on today's Lend Lease share price, the Lend Lease Proposal would have an even higher value. While this proposal is no longer "on the table", it demonstrates the value that is potentially achievable;

- there are legitimate questions about the sustainability of the Stockland security price, particularly with dilution in growth from the acquisition of GPT (notwithstanding Stockland's recent acquisition of the Lensworth land development business) and the slowdown in the residential market;

- the Stockland Offer is conditional on 50.1% acceptances. If the Stockland Offer becomes unconditional but Stockland does not acquire 100% of GPT, there could be an adverse impact on the price of both Stockland securities and GPT units;

- there may be adverse capital gains tax ("CGT") consequences for post-CGT unitholders in GPT if Stockland does not reach the 80% threshold level required to obtain scrip-for-scrip rollover relief; and

- acceptance of the Stockland Offer would "shut out" any alternatives that could produce a superior outcome."

Grant Samuel advised that GPT unitholders who wish to realise their investment should consider selling on market, at least while the GPT unit price remains above the value implied by the Stockland Offer.

GPT Independent Directors commissioned Grant Samuel to provide an Independent Expert's Report on the Stockland takeover offer as part of the Target's Statement. A copy is attached.

ENDS

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18 December 2004

The Independent Directors
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Dear Sirs

Takeover Offer by Stockland

1 Introduction

On 8 November 2004, Stockland Trust Management Limited ("STML"), as responsible entity for Stockland Trust, announced an off-market takeover offer (the "Stockland Offer") for all the units in General Property Trust ("GPT"). The consideration offered by Stockland is 0.608 stapled securities in Stockland per GPT unit.

GPT unitholders who accept the Stockland Offer will be entitled to receive the GPT quarterly distribution for December 2004 and Stockland distributions for the period commencing on 1 January 2005. The Stockland Offer is subject to a number of conditions including Stockland receiving acceptances for a minimum of 50.1% of GPT units on issue.

Stockland is an Australian listed property group. It owns shopping centres, office and industrial properties, undertakes residential development activities and manages hotels under the "Saville" brand. Stockland had a market capitalisation of approximately $7.9 billion prior to the announcement of the Stockland Offer.

The Stockland Offer was announced nine days before GPT unitholders met in general meeting on 17 November 2004 to consider a proposal to merge GPT with Lend Lease to form the Lend Lease Group (the "Lend Lease Proposal"). The resolution to approve the Lend Lease Proposal did not receive the requisite 75% majority, with only 68.5% of votes cast in favour. Consequently, the Lend Lease Proposal lapsed.

The Independent Directors of GPT Management Limited ("GPT Management"), the responsible entity of GPT, engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report on the Lend Lease Proposal. That report was despatched to GPT unitholders, along with other relevant documentation from GPT Management, in October 2004. Following the announcement of the Stockland Offer, Grant Samuel was asked by the Independent Directors of GPT Management to provide an independent opinion as to whether the Stockland Offer was superior to the Lend Lease Proposal. Grant Samuel concluded that the Stockland Offer was not superior to the Lend Lease Proposal and was in fact inferior to it.

Grant Samuel has now been appointed by the Independent Directors of GPT Management to prepare an independent expert's report in relation to the Stockland Offer.

2 Summary of Opinion

The issues facing GPT unitholders are not as simple as whether or not the Stockland Offer is "fair" or "reasonable". Rather, GPT unitholders need to determine what course of action to take in an environment where various parties are potentially interested in GPT. The struggle for ownership and control of GPT has been underway for over six months but continues to evolve. With the defeat of the Lend Lease Proposal, the Stockland Offer is the only offer formally on the table.

However, the potential for alternative proposals to emerge remains. Lend Lease will inevitably continue to have a vital interest in GPT's future. Westfield Group has disclosed a significant holding of GPT units (6.5%) but has not indicated its position regarding GPT.

It is difficult to recommend the Stockland Offer as fair when it is demonstrably inferior in value terms to the Lend Lease Proposal which was rejected by GPT unitholders (albeit by a minority of unitholders). There are some grounds on which the Stockland Offer could be argued to be reasonable. The value of the offer exceeds the prices at which GPT units are likely to trade in the absence of takeover speculation. On the other hand, there are no obvious reasons to accept an offer that is not fair. GPT has an open register and is clearly a strategically attractive asset. Certainly, it would be unwise to assume at this stage that no better alternative will come forward. Neither of the criteria of "fairness" and "reasonableness" give clear guidance as to whether or not to accept the Stockland Offer in the current circumstances.

In Grant Samuel's view, Stockland stapled securities are likely to trade at a yield of 6.7-6.9% post the acquisition of GPT implying a price in the range $5.75-5.90 per stapled security. On this basis, the value of the Stockland Offer is $3.50-3.59 per GPT unit. Based on the weighted average market price of Stockland stapled securities since the announcement of its offer of $5.90, the "see through" value of the Stockland Offer is $3.53 per GPT unit after adjusting for differences in distribution entitlements. It is true that these values:

- **exceed the prices of $3.20-3.25 at which Grant Samuel estimates that GPT units would probably trade today based only on fundamentals (i.e. in the absence of any proposed takeover or merger); and**

- **are well in excess of GPT's net asset value of $2.74 per unit (as shown in the latest GPT accounts) and will probably still represent a meaningful premium after GPT's proposed revaluation of certain assets as at 30 September 2004.**

However:

- **the value of the Stockland Offer is only just above the range of prices ($3.45-3.55) at which GPT units were trading prior to 6 August 2004 when the final terms of the Lend Lease Proposal were announced and is below the current unit price of around $3.70;**

- **the value of the Stockland Offer is well below the value of $3.72 attributed to the Lend Lease Proposal. Based on today's Lend Lease share price, the Lend Lease Proposal would have an even higher value. While this proposal is no longer "on the table", it demonstrates the value that is potentially achievable;**

- **there are legitimate questions about the sustainability of the Stockland security price, particularly with dilution in growth from the acquisition of GPT (notwithstanding Stockland's recent acquisition of the Lensworth land development business) and the slowdown in the residential market;**

- **the Stockland Offer is conditional on 50.1% acceptances. If the Stockland Offer becomes unconditional but Stockland does not acquire 100% of GPT, there could be an adverse impact on the price of both Stockland stapled securities and GPT units;**

- **there may be adverse capital gains tax ("CGT") consequences for post-CGT unitholders in GPT if Stockland does not reach the 80% threshold level required to obtain scrip-for-scrip rollover relief; and**

- **acceptance of the Stockland Offer would "shut out" any alternatives that could produce a superior outcome.**

Grant Samuel's conclusion is that there are no compelling reasons to accept the Stockland Offer in its present form at the present time. By not accepting the Stockland Offer, GPT unitholders will

leave GPT in play and possibly encourage Stockland to lift its offer. There is no imperative to act quickly. Unitholders should wait to see what other proposals emerge.

Unitholders that wish to realise their investment should consider selling on market, at least while the GPT unit price remains above the value implied by the Stockland Offer.

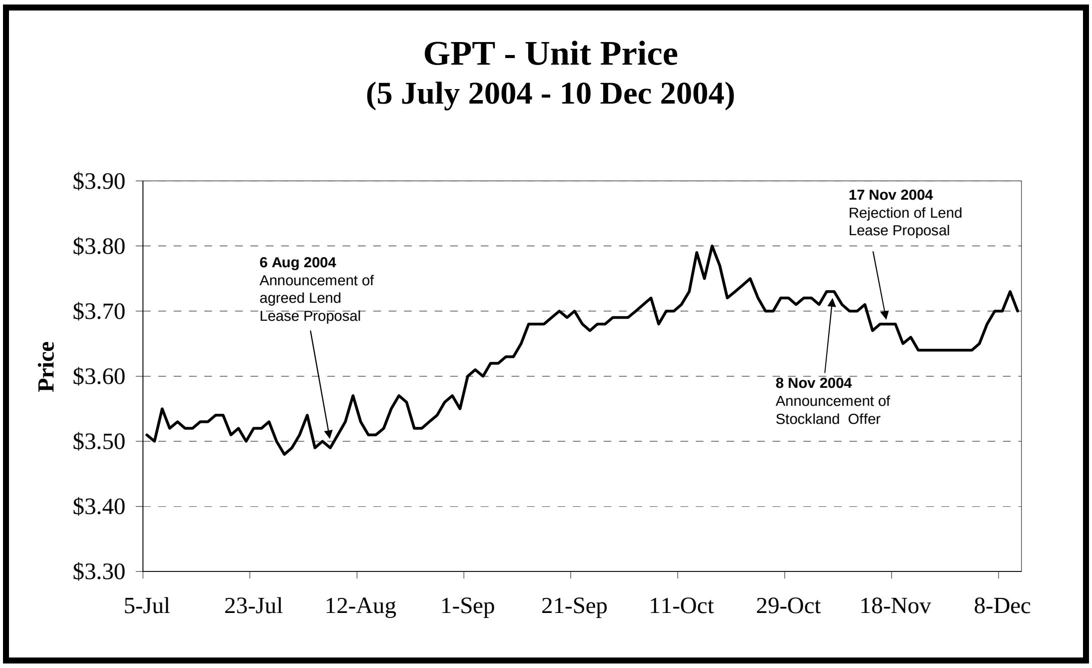
3 Key Conclusions

- **GPT units would probably trade today at $3.20-3.25 in the absence of takeover speculation. The Stockland Offer needs to be assessed in this context.**

  Over the last six months distribution yields in the listed property trust sector have fallen. GPT units were trading at a yield of 7.2% prior to the announcement of the initial Lend Lease Proposal based on the then forecast distribution for the year ending 30 June 2005[1]. Since May 2004 yields in the listed property trust sector have fallen by between 0.1% and 0.9% (depending on the entity). A firming of, say, 0.2-0.3% in GPT's stand alone yield would result in GPT trading at a yield of 6.9-7.0%. Based on the forecast distribution of 22.5 cents for 2005, a yield of 6.9-7.0% implies market prices of $3.20-3.25 (an increase of approximately 5-7% over the closing price of $3.05 before the announcement of the initial Lend Lease Proposal).

  This range is arguably a reasonable estimate of the prices at which GPT units would trade in the absence of any takeover or merger proposal. However, the range may be conservative. By way of comparison, Stockland's stapled security price increased by approximately 15% in the period from May to just prior to the announcement of the Stockland Offer. It is against the $3.20-3.25 price range that the Stockland Offer needs to be assessed.

  The probable trading price range for GPT today of $3.20-3.25 in the absence of takeover speculation is lower than recent market prices:



- **Stockland is a leading listed property group and has a consistent track record of strong profit growth.**

  Stockland is a leading listed stapled property group with a market capitalisation of $7.9 billion prior to the announcement of its offer. It has significant investments in shopping centres, commercial

[1] Brokers' consensus forecast 2005 distribution for GPT in May 2004 was approximately 21.9 cents per unit.

office buildings, office parks and industrial buildings and has a successful residential property development business. Stockland manages hotels under the "Saville" brand. Approximately 70% of its earnings before interest and tax is derived from property investments and 30% from development and hotel management activities.

Stockland's portfolio of properties was valued at $5.4 billion at 30 June 2004. The shopping centre portfolio consists of 40 principally sub-regional shopping centres valued at over $2.6 billion. Stockland's commercial portfolio consists of 32 mostly A-grade and B-grade office assets valued at over $1.9 billion and the portfolio of industrial and office parks is valued at $0.8 billion.

Stockland is one of Australia's leading residential developers and has a consistent track record of strong profit growth. Its development division is engaged in the development of masterplanned residential estates, integrated housing developments and large scale mixed use apartment projects. Stockland has approximately doubled its residential estates portfolio through the recently announced acquisition of the Lensworth residential business from Foster's Group Limited for $846 million. Following the acquisition, Stockland will have over 64,000 lots and 2,100 apartment units with an expected end market value of approximately $13 billion.

Over the last four years, Stockland has achieved compound average growth in distributions per unit of in excess of 9% per annum. That growth has in large part been driven by acquisitions coupled with increased gearing and strong earnings from development activities (which have enjoyed buoyant trading conditions). As it has grown, Stockland has sought to balance its portfolio of businesses as to ensure growth targets are met on a risk adjusted basis. Consistent with this Stockland seeks to ensure corporate earnings (which are predominantly from development activities) account for between 20% and 40% of earnings with the balance from passive property investment assets.

- **Stockland's acquisition of GPT is expected to result in increased earnings for GPT unitholders.**

Pro forma forecasts presented in Stockland's Bidder's Statement indicate that distributions attributable to GPT units would increase by 7.1% in the year ending 30 June 2005:

Pro Forma Forecast Financial Impact of the Stockland Offer

	Pre Acquisition	Post Acquisition	% change
Earnings and Distributions			
Earnings per GPT equivalent unit	22.5¢	24.4¢	+8.4%
Distribution per GPT equivalent unit	22.5¢	24.1¢	+7.1%
Distribution payout ratio (%)	100%	~99%	
Financial Position and Net Tangible Assets			
NTA[2] per GPT unit ($)	$2.74	$2.50	-8.6%
Gearing (%)	29.5% [3]	31.2%[4]	5.8%

Source: Stockland Bidder's Statement, GPT Explanatory Memorandum

The increase in earnings and distributions reflects assumed cost savings of $40 million per annum after tax (assuming Stockland acquires 100% of GPT) and the acquisition terms. Stockland has not had access to detailed operational information in formulating its estimates of cost savings. Accordingly, there is necessarily some uncertainty regarding the level of cost savings.

The Stockland acquisition would result in a reduction in attributable net tangible asset backing from $2.74 to $2.50 per GPT unit. Gearing for Stockland post the acquisition of GPT will be slightly

2 NTA is net tangible assets

3 After acquisition of Nature Based Resorts

4 After acquisition of Lensworth business

higher than GPT's gearing[5] increasing from 29.5% to 31.2%. This is not considered to be a significant issue for GPT unitholders and is within Stockland's targeted range of 25–35%.

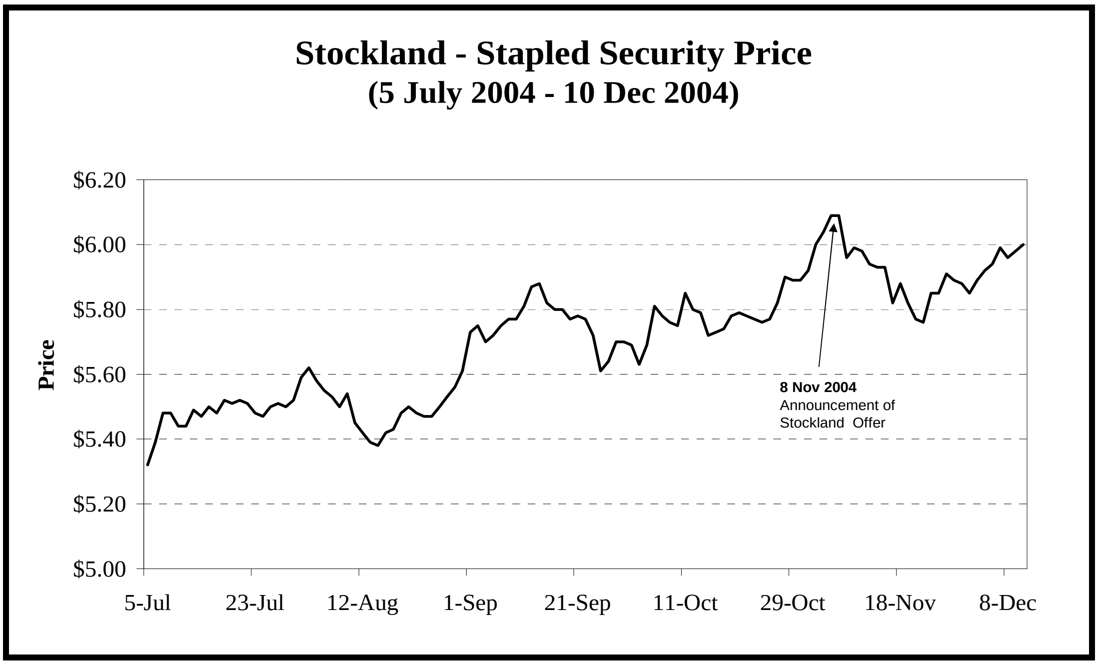
- **Securities in Stockland are likely to trade at yields of 6.7-6.9% post the acquisition of GPT in the short term. However, there are questions concerning the sustainability of Stockland's rating and price.**

  The market rating of Stockland post the acquisition of GPT is a key issue for GPT unitholders. The value of the Stockland Offer to GPT unitholders will be determined by, in large part, the market rating of Stockland post acquisition.

  Recent market prices for Stockland imply a stand alone yield between 6.5% and 6.6% based on a forecast distribution of 38.8 cents for the year ending 30 June 2005. This is consistent with analyst expectations of 6.6-6.9% for the forecast trading yield of Stockland for the same period, albeit at the low end.

  Grant Samuel believes it is realistic to anticipate that Stockland stapled securities will trade at yields in the range 6.7-6.9% in the short term post the acquisition of GPT based on pro forma 2005 projections (assuming continuation of current market conditions). Yields across the sector have declined significantly over the last few months, although given the level of corporate activity in the listed property trust sector, property trusts and stapled securities may be trading ahead of fundamentals.

  The Stockland stapled security price had shown a strong upward trend in the months up to the announcement of its offer on 8 November 2004. The Stockland price reached an all time high on 5 November 2004 ($6.10), closing at $6.09. Since the announcement of the offer, Stockland has traded at a volume weighted average price of $5.90 (up to 10 December 2004):



  Stockland has historically been rated more highly than most other listed property trusts and stapled securities. It has a highly regarded management team and has delivered strong and consistent profit growth through acquisitions and its development business. Stockland has achieved compound average distribution growth of 9.1% per annum since 2000 and is expected to achieve growth of 5.0% for the year ending 30 June 2005. This recent growth has, however, been underpinned by the substantial level of acquisitions made in the last four years and by the very strong residential

5 Gearing for this purpose is defined as total borrowings to total assets.

property market and may have benefited from an increase in gearing over the period. Stockland's ability to maintain a long development project pipeline and successfully deliver projects has also contributed to its high rating.

However, there are legitimate questions about the sustainability of Stockland's market rating and security price, particularly given the significant impact that the acquisition of GPT would have on its business:

- the acquisition of GPT will approximately double the size of Stockland in asset and market value terms;
- GPT has only very limited activities outside of passive property investments. Stockland's growth will therefore be diluted through the acquisition of GPT's large and low yield property portfolio. Stockland's forecast 2005 earnings growth of 5% combined with GPT's stand alone growth of 3.0-3.5% would give a weighted average of around 4%;
- the ability of Stockland to lift growth must be questioned. The higher growth (and higher risk) development business would represent only 16% of EBIT post the acquisition of GPT (down from around 30% stand alone). Stockland's recently announced acquisition of Lensworth is expected to lift this to around 20% of EBIT in the year ending 30 June 2006. Its ability to maintain historical growth rates in this business will be a challenge, particularly in the context of a softening residential market;
- the price paid for the Lensworth business appears high in a residential market that has peaked and pressure may come on future margins and profitability. The price of $846 million represents 17.0 times historical EBITA (although it needs to be recognised that the acquisition includes a number of properties that are yet to be developed and are not income producing);
- the value of Stockland's development business implied by its current trading price appears high. Assuming property investments are worth book value plus a 10-15% premium, recent trading prices for Stockland securities imply multiples of 15.7-19.8 times historical EBITA and 12.9-16.3 times forecast EBITA (excluding Lensworth) for its corporate activities. Trading multiples for comparable Australian listed development companies are considerably lower. While this analysis has limitations, it illustrates the potential for the market to reassess Stockland's rating particularly in view of the slowdown in the residential sector. Moreover, the significant premium to GPT's net tangible assets that Stockland is paying means the implied value of this development business must increase to sustain the current market price; and
- post the acquisition of GPT, Stockland will have a portfolio of approximately $13.5 billion of investment assets in Australia and a development business with a domestic focus. Given the significant size of the enlarged Stockland, its ability to achieve meaningful growth solely from the Australian market may be constrained. There has been a growing trend of property trusts pursuing assets overseas seeking the attraction of higher returns and diversification benefits. Stockland has no track record in this area.

On the other hand, Stockland is a large listed entity with a liquid market for its stapled securities. It is closely followed by analysts. The market should be fully aware of these issues and have taken them into account in determining the prevailing market price.

Stockland's market price could also be impacted if it acquires more than 50.1% of GPT's units (its minimum acceptance condition) but does not achieve 100% ownership of GPT. Stockland would not achieve all of the estimated $40 million in annual after tax savings but would seek to assume the roles of responsible entity for GPT and property manager of GPT's wholly-owned properties in order to benefit from the additional fee income.

- **Stockland's Offer has been valued at $3.50-3.59 per GPT unit.**

A yield of 6.7-6.9% for Stockland post the acquisition of GPT implies a trading range of $5.75-5.90 for Stockland stapled securities based on pro forma forecast distribution for the year ending 30 June

2005 of 39.6 cents per stapled security. On this basis, the Stockland Offer has a value of $3.50-3.59 per GPT unit.

The value attributed to the Stockland Offer is consistent with the "see through" value implied by market prices of Stockland stapled securities since announcement of the offer after adjusting for differences in distribution entitlements:

Value of Stockland Offer per GPT Unit		
Period from 8 November to 10 December	**Stockland Price**	**Value of Stockland Offer[6]**
Low price	$5.71	$3.40-$3.44
Volume weighted average price	$5.90	$3.49-$3.53
High price	$6.04	$3.57-$3.61

GPT unitholders should recognise that security prices fluctuate and the price at which Stockland securities trade in the future may be higher or lower than the prices implied by the current price of Stockland.

- **It is difficult to recommend the Stockland Offer as fair. Reasonableness is a more complex judgement but in any event there are other issues impacting the decision for GPT unitholders.**

  The Stockland Offer is:

  - at a premium to GPT unit prices of $3.20-3.25, the range in which Grant Samuel estimates that GPT units would probably trade today based only on fundamentals (i.e. in the absence of any proposed takeover or merger);
  - at a substantial premium of 28-31% to GPT's net tangible asset value of $2.74 per unit (as shown in the latest GPT accounts) although this premium may be more modest after the impact of GPT's proposed revaluation of certain assets; and
  - at a low exit yield of 6.3-6.4% based on the forecast stand alone distribution for GPT for the year ending 30 June 2005.

  Nevertheless, it is difficult to conclude that the Stockland Offer is "fair" given that the value of $3.72 per GPT unit under the Lend Lease Proposal was rejected by GPT unitholders (albeit by a minority of unitholders). Based on current market prices for Lend Lease of $12.80-12.90, the "see through" value of the Lend Lease Proposal may have been higher. The Stockland Offer is demonstrably inferior in value terms to the Lend Lease Proposal.

  The Lend Lease Proposal is no longer "on the table" but it demonstrates the value that is potentially achievable from an alternative offeror. In comparing the value of the Stockland Offer to the value of the Lend Lease Proposal, it is important to recognise that:

  - the value of $3.72 attributed to the Lend Lease Proposal reflected the one month volume weighted average price of GPT units to 5 November 2004. The high level of trading in GPT units, the detailed information in the market on the Lend Lease Proposal and the level of consistency between the Lend Lease share price and GPT unit price provided prima facie evidence that GPT's price reflected the market's expectations of where the merged Lend Lease/GPT group would trade;
  - the current Lend Lease price may be affected by speculation and no longer reflects the terms of the Lend Lease Proposal; and

[6] The prices of Stockland stapled securities and GPT units effectively include some element of accrued distributions. In order to adjust for the differences between the accrued distribution entitlements, the value of the Stockland Offer has been reduced by approximately 6 cents per GPT unit. The 6 cents reflects the Stockland distributions to which GPT unitholders will not be entitled of approximately 17 cents per Stockland security (accrued during the period 1 July to 10 December 2004) and the GPT distributions of approximately 4 cents per unit (accrued during the period 1 October to 10 December 2004) to which GPT unitholders will be entitled. If the method of calculation is based on the accrual from the ex distribution date, the differential would be approximately 10 cents. Another method of calculation is to ignore the accrual period and simply allow for the full distributions. On this basis the differential would be approximately 6 cents.

- the value of the Lend Lease Proposal would have reflected the benefits and synergies available to Lend Lease which in part may be unique to Lend Lease.

There are some grounds on which the Stockland Offer could be argued to be reasonable. The value of $3.50-3.59 per GPT unit is significantly greater than the level of $3.05 at which GPT units were trading prior to 24 May 2004 when the initial Lend Lease Proposal was announced. More relevantly, it exceeds the prices at which GPT units are likely to trade today based only on fundamentals (i.e. in the absence of any proposed takeover or merger) even having regard to the uplift in property trust values (decline in yields) since May 2004. The value of the Stockland Offer is also well is excess of GPT's net tangible asset value of $2.74 as at 30 June 2004 and would probably still be a meaningful premium after GPT's proposed revaluation of certain assets as at 30 September 2004.

However, Stockland does not have a controlling interest in GPT and the GPT register remains open. Further, the Stockland Offer is at a premium of only 8-12% (and possibly less) to where GPT units would trade today in the absence of any takeover activity. There are no apparent reasons why GPT unitholders should accept a low premium. The level of interest by various parties underlines its strategic value. Certainly, it would be unwise to assume that, at this stage, no better alternative will come forward.

Neither of the criteria of "fairness" and "reasonableness" give clear guidance as to whether or not to accept the Stockland Offer in the current circumstances. The issues facing GPT unitholders are not as simple as whether or not the Stockland Offer is "fair" or "reasonable". Rather, GPT unitholders need to determine what course of action to take to optimise their position in the current situation.

- **Alternatives to the Stockland Offer emerging can not be ruled out. Accepting the Stockland Offer now would shut out alternatives.**

GPT has considered a number of alternatives in the course of assessing the Lend Lease Proposal and continues to consider alternatives following the lapse of the Lend Lease Proposal. These include:

- the internalisation of management;
- an acquisition of certain businesses and assets together with an internalisation; and
- a transaction with another property business or consortium of businesses.

An alternative transaction to the Stockland Offer cannot be ruled out. There is potential for a transaction emerging with one or more large scale property businesses or even an alternative proposal from Lend Lease:

- GPT has been "in play" since May 2004. The Lend Lease Proposal was on foot until it was voted down on 17 November 2004 and Stockland announced its offer on 5 November 2004;
- Lend Lease will inevitably continue to have a vital interest in GPT's future and it is conceivable that Lend Lease could come back with a revised or quite different proposal;
- Westfield Group has emerged as a substantial unitholder in GPT with 6.5% of units on issue. It has not indicated its position regarding GPT although it is reported to have voted against the Lend Lease Proposal; and
- GPT's properties are high quality and the portfolio is unique. It would be undeniably attractive to other property groups either as a whole or as a break up opportunity.

There is also potential for Stockland to increase its offer if it is not successful. The Stockland Offer is scheduled to close on 14 January 2005 unless extended. Acceptance of the Stockland Offer would close out the opportunity for alternative proposals to come forward. There is no imperative to act quickly.

On the other hand, there has been a long period for alternative proposals to be put to GPT since the initial announcement of the Lend Lease Proposal. The Stockland Offer has been the only one to emerge so far. The prospects of an alternative transaction are limited by the size of GPT and other issues. Westfield Group on its own would have difficulties in acquiring all of GPT due to potential competition issues.

- **If Stockland does not acquire 100% of GPT there could be a significant adverse impact on the price of both Stockland stapled securities and GPT units.**

  The Stockland Offer is conditional on 50.1% acceptance of GPT units on issue. It is possible that Stockland will achieve more than 50.1% but not end up with 100%. This would not be an attractive outcome for Stockland and could have an adverse impact on the price of Stockland stapled securities.

  An outcome that saw Stockland holding between 50.1% and 90% of the issued units of GPT would also have an adverse impact the GPT unit price. GPT would have a reduced free float and much less liquidity, unitholders would lose control of GPT and its future direction and the growth prospects for GPT may be significantly reduced.

  Nevertheless, it is unlikely that Stockland ownership of GPT of between 50.1% and 90% would continue indefinitely. It is probable that Stockland would eventually move to acquire the minorities in GPT. This might even be at a higher price than the Stockland Offer but the timing of any mop up offer would be at Stockland's choosing.

- **There are adverse CGT consequences for GPT unitholders under the Stockland Offer.**

  Pre-CGT unitholders are not subject to any capital gains on disposal of their GPT units. However, pre-CGT unitholders who accept the Stockland Offer will effectively lose their pre-CGT treatment. Any subsequent sale of Stockland stapled securities will be subject to the CGT rules.

  Post CGT unitholders will not be able to claim scrip-for-scrip rollover relief if Stockland achieves less than 80% acceptance. Full capital gains tax will apply which will impact investors differently depending on their individual circumstances. In any event, rollover relief will only apply to the unit component of the Stockland stapled securities (92%) and GPT unitholders will be subject to CGT on the share component of the Stockland stapled security (8%).

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual unitholders in GPT. Because of that, before acting in relation to their investment, unitholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Unitholders should read the Bidder's Statement issued by STML (and any supplementary statements) and the Target's Statement issued by GPT Management in relation to the Stockland Offer.

Whether or not to accept the Stockland Offer is a matter for individual unitholders, based on their expectations as to value and future market conditions and their particular circumstances including risk profile, liquidity preference, portfolio strategy and tax position. In particular, taxation consequences (such as the extent to which capital gains tax will be payable) will vary widely across unitholders. Unitholders will need to consider these consequences and, if appropriate, should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

GPT

GENERAL PROPERTY TRUST

Financial Services Guide and Independent Expert's Report in relation to the Takeover Offer by Stockland Trust Management Limited as responsible entity for Stockland Trust

Grant Samuel & Associates Pty Limited

(ACN 050 036 372)

18 December 2004

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Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") carries on business at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. Grant Samuel holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for GPT Management Limited ("GPT Management") as responsible entity for General Property Trust ("GPT") in relation to the Stockland Offer (the "GPT Report"), Grant Samuel will receive a fixed fee of $650,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 7.3 of the GPT Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Practice Note 42 issued by the Australian Securities Commission (the predecessor to the Australian Securities & Investments Commission) on 8 December 1993. The following information in relation to the independence of Grant Samuel is stated in Section 7.3 of the GPT Report:

> *"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GPT, GPT Management (and associated entities including Lend Lease) or Stockland that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Stockland Offer. Grant Samuel advises that in the previous five years Grant Samuel has undertaken the following roles under mandates from GPT Management (and associated entities including Lend Lease) and Stockland (and associated entities):*
>
> - *in November 2004, Grant Samuel provided independent advice to GPT Management as to whether the Stockland Offer was superior to the Lend Lease Proposal;*
> - *in October 2004, Grant Samuel prepared an independent expert's report in relation to the proposal to merge GPT with Lend Lease to form the Lend Lease Group;*
> - *in 2003, Grant Samuel commenced preparation for an independent advice to GPT in connection with a proposed acquisition with Lend Lease of the ComLand business. The transaction in the form proposed did not proceed and the assignment was not completed;*
> - *Grant Samuel prepared an independent expert's report dated 23 October 2003 on the merits of Morgan Stanley or Principal Real Estate Investors (Australia) Limited, acting as responsible entity and manager of the Lend Lease US Office Trust;*
> - *in 1999, Grant Samuel prepared an indicative valuation of Lend Lease Capital Services' 70% interest in the Port of Geelong Unit Trust as at 30 June 1999;*
> - *in February 1999, Grant Samuel managed the sale of Lend Lease Employer Systems by tender;*
> - *Grant Samuel Property Pty Limited, a related entity of Grant Samuel, provides services to existing or potential property tenants. From time to time these services may relate to properties owned by GPT, managed by Lend Lease or owned or managed by Stockland; and*
> - *the Grant Samuel group of companies is a tenant of Governor Macquarie Tower, 1 Farrer Place, Sydney which is 25% owned by GPT.*
>
> *In addition, one of the Grant Samuel executives involved in the preparation of this report holds a parcel of less than 1,000 shares in Lend Lease.*
>
> *Grant Samuel has no involvement with, or interest in the outcome of, the Stockland Offer, other than the preparation of this report.*
>
> *Grant Samuel will receive a fixed fee of $650,000 for the preparation of this report. This fee is not contingent on the outcome of the Stockland Offer. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.*
>
> *Grant Samuel considers itself to be independent in terms of Practice Note 42 issued by the ASIC (previously known as Australian Securities Commission) on 8 December 1993."*

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Industry Complaints Services' Complaints Handling Tribunal, No. F 4197.

Grant Samuel is only responsible for the Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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1 Details of the Offer

On 8 November 2004, Stockland Trust Management Limited ("STML"), as responsible entity for Stockland Trust, announced an off-market takeover offer (the "Stockland Offer") for all the units in General Property Trust ("GPT"). Consideration under the Stockland Offer is 0.608 stapled securities in Stockland for each GPT unit.

Stockland is an Australian property group listed on the Australian Stock Exchange ("ASX"). It owns shopping centres, office and industrial properties, undertakes development activities in residential estates, apartments, retail projects and manages hotels under the "Saville" brand. Stockland is a stapled group comprising Stockland Corporation Limited ("Stockland Corporation") and Stockland Trust. A stapled security in Stockland comprises one share in Stockland Corporation and one unit in Stockland Trust which are "stapled" to each other. Stockland had a market capitalisation of approximately $7.9 billion prior to the announcement of the Stockland Offer.

The Stockland Offer is subject to a number of conditions which are set out in full in the Bidder's Statement. They include that:

- Stockland receives acceptances for a minimum of 50.1% of GPT units on issue;
- no event occurs between the announcement of the offer and end of the offer period that could reasonably be expected to have an adverse effect on the consolidated assets or liabilities of GPT exceeding $400 million or on the consolidated net profits after tax of GPT exceeding $40 million per annum;
- no acquisitions, disposals, or joint ventures are entered into between the announcement of the offer and end of the offer period exceeding $50 million and no new property management contracts exceeding 12 months or construction contracts with Lend Lease Corporation Limited ("Lend Lease") are entered into except on arm's length terms; and
- no prescribed occurrences occur (as set out in Section 652C of the Corporations Act, 2001 ("Corporations Act")).

GPT unitholders accepting the Stockland Offer will be entitled to receive the GPT distribution of up to 5.5 cents per unit for the quarter ended 31 December 2004 and Stockland distributions for the period commencing on 1 January 2005.

The Stockland Offer was announced nine days before GPT unitholders met in general meeting on 17 November 2004 to consider a proposal to merge GPT with Lend Lease Corporation Limited ("Lend Lease") to form the Lend Lease Group (the "Lend Lease Proposal"). The resolution to approve the Lend Lease Proposal did not receive the requisite 75% majority (only 68.5% of votes cast were in favour) and, consequently, the Lend Lease Proposal lapsed.

The Stockland Offer is open until 14 January 2005 unless extended.

2 Scope of the Report

2.1 Purpose of the Report

There is no statutory requirement for GPT Management Limited ("GPT Management"), as responsible entity for GPT, to obtain any form of independent report in relation to the Stockland Offer. However, the directors of GPT Management who are not associated with Lend Lease (the "independent directors of GPT Management") have decided to engage Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report in relation to the Stockland Offer.

The independent directors of GPT Management had previously engaged Grant Samuel to prepare an independent expert's report on the Lend Lease Proposal. That report was despatched to GPT unitholders by GPT Management in October 2004. Following the announcement of the Stockland Offer, Grant Samuel was asked by the independent directors of GPT Management to provide an independent opinion as to whether the Stockland Offer was superior to the Lend Lease Proposal. Grant Samuel concluded that the Stockland Offer was not superior to the Lend Lease Proposal and was in fact inferior to it.

This report has been prepared by Grant Samuel to assist the independent directors of GPT Management in making their recommendation to GPT unitholders in relation to the Stockland Offer. The sole purpose of this report is as an expression of Grant Samuel's opinion in relation to the Stockland Offer. A copy of this report is to accompany the Target's Statement to be despatched to GPT unitholders by GPT Management.

This report contains general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual unitholders in GPT. Because of that, before acting in relation to their investment, unitholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Unitholders should read the Bidder's Statement issued by STML and the Target's Statement issued by GPT Management in relation to the Stockland Offer.

Whether or not to accept the Stockland Offer is a matter for individual unitholders based on their expectations as to value and future market conditions and their particular circumstances including risk profile, liquidity preference, portfolio strategy and tax position. Unitholders who are in doubt as to the action they should take in relation to the Stockland Offer should consult their own professional adviser.

2.2 Basis of Evaluation

There is no statutory requirement for the preparation of this report. Where there is no regulatory requirement for an independent expert's report but the directors of the target decide to commission one, the report is typically prepared on the same basis as if it was required under Section 640 of the Corporations Act and requires an assessment of whether the takeover offer is "fair and reasonable".

Under Policy Statement 75 issued by the Australian Securities Commission (the predecessor to the Australian Securities & Investments Commission ("ASIC")), fairness is said to involve a comparison of the offer price with the value that may be attributed to the securities that are subject of the offer. Reasonableness is said to involve an analysis of other factors that shareholders might consider prior to accepting a takeover offer. A fair offer will always be reasonable but a reasonable offer will not necessarily be fair. A takeover offer could be considered "reasonable" if there were valid reasons to accept the offer notwithstanding that it was not "fair".

Grant Samuel has considered the Stockland Offer within the conventional "fair and reasonable" framework. However, the issues facing GPT unitholders are not as simple as whether or not the Stockland Offer is "fair" or "reasonable". GPT unitholders need to make decisions in relation to the Stockland Offer in a situation where a number of other parties have also demonstrated an interest in GPT and, in the case of Lend Lease, have put forward a specific proposal to unitholders.

While the Lend Lease Proposal lapsed following the GPT unitholders meeting on 17 November 2004, Lend Lease still has a vital interest in GPT. In this context, GPT unitholders need to determine what course of action to take in order to optimise their outcome.

In this case, where there is not a statutory requirement for a report and given the circumstances facing GPT unitholders, Grant Samuel considers that the essential question to address is whether or not GPT unitholders should accept the Stockland Offer in its present form at the present time.

In forming its opinion as to whether or not GPT unitholders should accept the Stockland Offer, Grant Samuel has considered the following:

- the likely market rating for stapled securities in Stockland following the acquisition of GPT;
- the value of GPT units implied by the terms of the Stockland Offer compared to the value of GPT units;
- the impact on attributable earnings, distributions and net tangible assets;
- the proportion of Stockland held by GPT unitholders following the acquisition compared to their contribution of market value;
- the likelihood of alternative transactions emerging which could realise better value;
- any other advantages and benefits arising from the Stockland Offer; and
- the costs, disadvantages and risks of the Stockland Offer.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Bidder's Statement dated 24 November 2004 issued by STML as responsible entity of Stockland Trust (the "Bidder's Statement");
- the Target's Statement to be dated on or about 22 December 2004 and issued by GPT Management as responsible entity of GPT (the "Target's Statement");
- annual reports of GPT for the four years ended 31 December 2003;
- half yearly announcement of GPT for the six months ended 30 June 2004;
- annual reports of Stockland for the four years ended 30 June 2004;
- the Explanatory Memorandum and Notice of Meeting dated 15 October 2004 in relation to the Lend Lease Proposal (the "Explanatory Memorandum");
- press releases, public announcements, media and analyst presentation material and other public filings by GPT and Stockland including information available on the websites of each entity;
- brokers' reports and recent press articles on GPT and Stockland, the property trust sector and the real estate development and construction industry; and
- sharemarket data and related information on Australian entities engaged in the property trust sector and on Australian entities engaged in the real estate development and construction industries and on acquisitions of entities in these industries.

Non Public Information provided by GPT Management

- independent valuations of the properties owned by GPT; and
- other confidential documents, board papers, presentations and working papers.

Grant Samuel has also held discussions with, and obtained information from, senior management of GPT Management and its advisers.

Grant Samuel has had no access to non public information in relation to Stockland. However, senior management of Stockland made a presentation to Grant Samuel on 14 December 2004.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances. However, Grant Samuel has no obligation or undertaking to advise any person of any change in circumstances which has come to its attention after the date of this report or to review, revise or update its report or opinion.

This report is also based upon financial and other information provided by GPT Management and its advisers. Grant Samuel has considered and relied upon this information. GPT Management has represented in writing to Grant Samuel that to its knowledge the information provided by it was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary and appropriate for the purposes of forming an opinion in relation to the Stockland Offer. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion of the kind expressed in this report is more in the nature of an overall review reflecting commercial judgements rather than a detailed audit, verification or investigation.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of GPT. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included the financial information on GPT contained in the Explanatory Memorandum issued by GPT Management in relation to the Lend Lease Proposal. This information included:

- the stand alone pro forma historical financial performance for the two years ended 30 June 2004 for GPT (the "GPT Pro Forma Historicals"); and
- the stand alone pro forma forecast financial performance and distribution statement for the year ending 30 June 2005 for GPT (the "GPT Forecast").

GPT Management is responsible for this financial information.

In preparing this report Grant Samuel has used publicly available information on Stockland and the information contained in the Bidder's Statement including:

- the forecast financial performance of Stockland for the year ending 30 June 2005 (the "Stockland Forecast");

- the pro forma forecast financial performance of Stockland post the acquisition of GPT for the year ending 30 June 2005 based on 100% acceptance of the Stockland Offer and based on 50.1% acceptance of the Stockland Offer (the "Stockland Pro Forma Merged Forecasts"); and

- the pro forma financial position of Stockland following the acquisition of GPT at 30 June 2004 based on 100% acceptance of the Stockland Offer and based on 50.1% acceptance of the Stockland Offer (the "Stockland Pro Forma Financial Position").

Stockland is responsible for the information contained in the Bidder's Statement. The Stockland financial information was reviewed by Deloitte Corporate Finance Pty Limited ("Deloitte") and its Independent Accountant's Report is set out in Section 8 of the Bidder's Statement.

Grant Samuel has used and relied on the abovementioned financial information for GPT and Stockland for the purposes of its analysis. Grant Samuel has not investigated this financial information in terms of the reasonableness of the underlying assumptions, accuracy of compilation or application of assumptions. However:

- for the purposes of the Lend Lease Proposal, the Lend Lease Group financial information (which incorporated the GPT Forecast) was subject to comprehensive review by KPMG and KPMG Transaction Services (Australia) Pty Limited (see the Explanatory Memorandum in relation to the Lend Lease Proposal). These reviews were unqualified; and

- the Stockland financial information contained in the Bidder's Statement was subject to comprehensive review by Deloitte. This review was unqualified.

On this basis, Grant Samuel considers that there are reasonable grounds to believe that the financial information on GPT and Stockland have been prepared on a reasonable basis.

However, the achievability of the GPT Forecast, the Stockland Forecast and the Stockland Pro Forma Merged Forecasts is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

Grant Samuel has not valued any of the properties owned by GPT or Stockland and, for the purposes of this report, has relied on the independent property valuations commissioned by GPT Management and STML as disclosed in the most recent financial statements for each entity.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;

- the information set out in the Bidder's Statement issued by STML to GPT unitholders is complete, accurate and fairly presented in all material respects;

- the information set out in the Target's Statement issued by GPT Management to GPT unitholders is complete, accurate and fairly presented in all material respects; and

- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 Profile of General Property Trust

3.1 Background

GPT is one of the largest listed property trusts in Australia with a market capitalisation of approximately $7.5 billion prior to the announcement of the Stockland Offer. GPT's diversified portfolio consists of over 50 properties across Australia with a total book value of $8.1 billion as at 30 June 2004.[1]

GPT was formed by Lend Lease in 1959 as the First National Buildings Trust and was listed on the ASX in 1971. It is Australia's longest running property trust. The responsible entity for GPT is GPT Management, a wholly owned subsidiary of Lend Lease. Lend Lease also provides a range of other services to GPT including retail development management, property management and leasing and project management and construction.

Historically GPT has had a low growth profile due to its property sector diversification and low gearing ratio. In more recent times, demand for property securities generating higher growth resulted in GPT entering relatively higher risk property sectors such as hotels in 1997, bulky goods centres (Homemaker City centres) in 2001 and masterplanned urban communities in 2003.

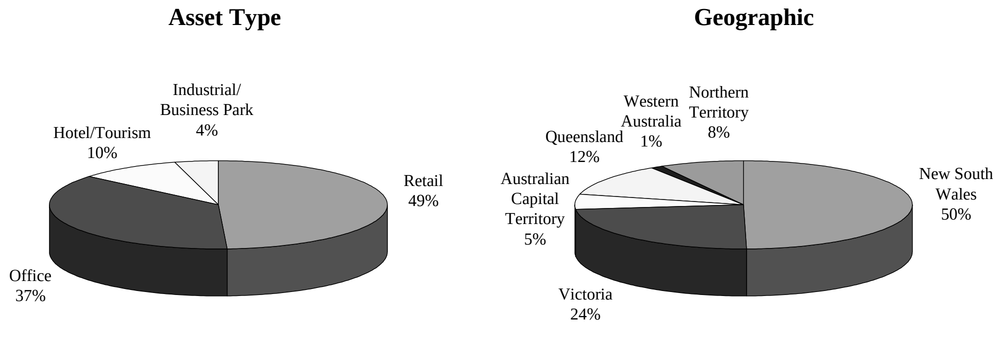
GPT has been subject to takeover activity since May 2004. On 24 May 2004, Lend Lease announced its initial Lend Lease Proposal to merge with GPT. On 6 August 2004, GPT Management and Lend Lease announced agreed revised merger terms for the Lend Lease Proposal. The GPT unitholders meeting to consider the Lend Lease Proposal was set for 17 November 2004. Prior to this meeting, STML announced the Stockland Offer for GPT and Westfield Group was identified as a unitholder in GPT. The resolution to approve the Lend Lease Proposal did not receive the requisite 75% majority.

3.2 Property Portfolio

GPT's $8.1 billion portfolio consists of interests in over 50 properties across the retail, office, industrial/business park, hotel/tourism and masterplanned urban community property sub-sectors in Australia. The portfolio includes mainly wholly-owned properties with twelve properties held under joint venture or co-ownership arrangements.

The portfolio is weighted towards the retail sector and New South Wales:

GPT – Portfolio Diversification as at 30 June 2004 (including the Nature-Based Resorts)



Source: GPT Management

[1] Including the Nature-Based Resorts acquired on 7 July 2004.

As at 30 June 2004, GPT's top ten property tenants represented 20% of GPT's total gross property income, with no one tenant representing more than 6%. Major tenants include Coles Myer, Woolworths, ANZ Banking Group and PricewaterhouseCoopers.

GPT has its properties independently valued on a three year rolling basis and at other times as necessary. During the year ended 31 December 2003 revaluations totalling approximately $235 million were recorded mainly in the retail portfolio ($216 million over 15 properties including homemaker). In the six months to 30 June 2004, increases in the value of the retail portfolio have been largely offset by decreases in the office portfolio resulting in a net increase in the total portfolio of $11.1 million.

The twelve properties in GPT's portfolio held under joint venture or co-ownership arrangements contain pre-emptive rights and change of control provisions. GPT has indicated in its Target's Statement that none of these pre-emptive rights or change of control provisions would be triggered by a change in control of GPT or by Stockland replacing GPT Management as responsible entity of GPT except for Twin Waters and Rouse Hill.

Lend Lease has pre-emptive rights in relation to the urban community joint ventures of Twin Waters and Rouse Hill and has stated that it intends to exercise its pre-emptive rights if Stockland was to acquire GPT. In this case, Lend Lease would be required to pay GPT the current market value of the asset as determined under the relevant agreements which include dispute resolution mechanisms.

GPT unitholders should refer to Section H.2 of the Target's Statement for further detail on the pre-emptive rights and change of control provisions.

3.3 Earnings and Distributions

The historical financial performance of GPT for the four years ended 31 December 2003, the six months ended 30 June 2004 and the forecast for the year ending 30 June 2005 are summarised below:

GPT – Financial Performance ($ millions)

	Year ended 31 December				6 mths to 30 June 2004 actual	Year ending 30 June 2005[2] forecast
	2000 actual	2001 actual	2002 actual	2003 actual		
Net rental income	481.6	515.2	568.5	605.9	319.4	
Property outgoings	(116.1)	(118.6)	(128.9)	(138.2)	(71.6)	
Net property income	**365.5**	**396.6**	**439.6**	**467.7**	**247.8**	
Share of associates net profit after tax	22.8	41.0	59.0	63.7	44.5	
Other income[3]	2.4	1.9	(5.6)	1.3	-	
Net income	**390.7**	**439.5**	**493.0**	**532.7**	**292.3**	**639**
Responsible entity fees	(28.2)	(29.3)	(33.9)	(25.6)	(19.7)	(34)
Other expenses	(13.4)	(13.8)	(15.8)	(16.2)	(9.0)	(6)
Net borrowing costs	(32.1)	(32.0)	(57.2)	(70.7)	(47.1)	(145)
Total expenses	**(73.7)**	**(75.1)**	**(106.9)**	**(112.5)**	**(75.8)**	**(185)**
Net profit attributable to unitholders	**317.0**	**364.4**	**386.1**	**420.2**	**216.5**	**454**
Transfer (to) capital profits reserves	-	(1.9)	5.6	-	2.6	-
Movement in undistributed income	0.5	0.3	0.5	0.7	7.6	-
Distributable income	**317.5**	**362.8**	**392.2**	**420.9**	**226.7**	**454**
Statistics						
Earnings per unit (cents)[4]	*19.3*	*19.7*	*20.4*	*21.6*	*10.9*	*22.5*
Distribution per unit (cents)	*19.3*	*19.7*	*20.4*	*21.2*	*10.9*	*22.5*
Distribution payout ratio	*100%*	*100%*	*100%*	*98%*	*100%*	*100%*
Growth in distributions per unit	*1.0%*	*21.%*	*3.6%*	*3.9%*	*nc[5]*	*nc*
Tax free amount of distribution (cents)[6]	*1.82*	*0.45*	-	-	-	-
Tax deferred amount of distribution (cents)[7]	*4.81*	*6.22*	*9.33*	*9.65*	*4.89*	*na[8]*
Tax advantaged component of distribution	*34.4%*	*33.9%*	*45.7%*	*45.5%*	*44.9%*	*na*
Distribution yield[9]	*7.0%*	*7.0%*	*6.9%*	*7.1%*	*nc*	*na*

Source: GPT Management, Explanatory Memorandum

Net property income has grown consistently over the last four and a half years, with compound average growth of 8.6% per annum for the four years ended 31 December 2003. This growth has been driven by various factors including acquisitions, redevelopment of retail assets to improve returns and strong operating performances from the retail shopping centres over the last two years.

Acquisitions are expected to continue to underpin net income growth in 2004. During 2003, GPT acquired an additional bulky goods retail asset in Epping, an interest in a prime Sydney office building and a large industrial site in Victoria. Future growth is expected to be driven by management initiatives including the retail development pipeline, the development of a third tower at the Darling Park Complex, continued management of vacancies within the office portfolio and the maturing of the residential masterplanned urban communities assets.

2 Disclosure is on the same basis as the Explanatory Memorandum for the Lend Lease Proposal. Commentary on the assumptions underlying the GPT Forecast for the year ending 30 June 2005 were set out in Section 4.3 of that Explanatory Memorandum. The GPT Forecast excludes estimated transaction costs relating to the Lend Lease Proposal and to the Stockland Offer. However, distributions are not expected to be affected as GPT expects to transfer an equivalent amount from capital.

3 Includes profit and losses on asset sales.

4 Excludes earnings from asset sales and transfers from reserves.

5 nc = not calculated.

6 The tax free amount of the distribution is not included in a unitholder's assessable income. From 1 July 2001, tax free distributions arising as a consequence of building allowance deductions are treated as tax deferred.

7 The tax deferred amount of the distribution is not included in a unitholder's assessable income.

8 na = not available.

9 Distribution yield is based on period end unit prices.

Net income includes GPT's share of net profit from joint ventures. The increased contribution over the past four years primarily reflects the acquisition of assets under joint venture or co-ownership arrangements.

Growth in responsible entity fees approximates the growth in assets and income for the three years to 31 December 2002. From 1 January 2003, the responsible entity fee was reduced from 0.55% of gross assets to a base fee of 0.40% of gross assets plus a performance fee equal to 5% of GPT's outperformance of the S&P/ASX Property 200 Accumulation Index (subject to a cap every six months of 0.275% of the GPT gross assets). As GPT did not outperform the index in 2003, no performance fee was paid and total responsible entity fees declined. A performance fee of approximately $3.5 million was paid by GPT to GPT Management for the six months to 30 June 2004.

Net borrowing costs have increased broadly in line with the increase in total borrowings. GPT utilises swap agreements to hedge its interest rate risk on borrowings. As at 30 June 2004 75.6% of the trust's borrowings were hedged.

Under current tax legislation, GPT is not liable for Australian income tax (including capital gains tax) provided that it distributes all of its distributable income to unitholders. Growth in distribution per unit has increased in recent years as a consequence of the strategy of investment in higher risk property sectors (such as hotels) and increased gearing. Distributions are paid quarterly.

3.4 Financial Position

The financial position of GPT as at 30 June 2004 is summarised below:

GPT – Financial Position ($ millions)	
	As at 30 June 2004 actual
Cash	52.5
Receivables	60.5
Investment in properties	7,855.9
Investments in master planned urban communities (equity accounted)	9.2
Other assets	2.7
Total assets	**7,980.8**
Payables	(149.3)
Borrowings	(2,197.0)
Distribution payable	(110.9)
Total liabilities	**(2,457.2)**
Net assets	**5,523.6**
Statistics	
Net borrowings	*2,144.5*
NTA[10]	*5,523.6*
NTA per unit (cents)	*273.9*
Gearing (total borrowings/total tangible assets)	*27.5%*
Gearing (net debt/net debt plus net tangible assets)	*28.0%*

Source: GPT Management

As at 30 June 2004, GPT's investment property assets (including investments in masterplanned urban communities) totalled $7.9 billion, including assets under re-development. On 7 July 2004, GPT acquired the Nature-Based Resorts for $225 million increasing investment property assets to $8.1 billion.

GPT has increased gearing (total borrowings/total tangible assets) in recent years to its current level of 29.5% (including the acquisition of the Nature-Based Resorts) or 30.0% (if measured by net debt/net debt plus net tangible assets). This is in line with GPT's target gearing range of 20-

[10] NTA is net tangible assets.

30% of total assets, but below the sector average of 35%. All borrowings are Australian dollar denominated. GPT diversifies the maturity profile of its debt portfolio, with a target of an average of over four years to expiry and not less than 75% of the interest rates hedged two years forward. As at 30 June 2004, there were unrealised losses on interest rate swaps totalling $0.7 million.

NTA grew by 5% ($0.12 per unit) during the year ended 31 December 2003 largely due to the increased value of the retail portfolio (15%). Growth in NTA in the six months to 30 June 2004 was modest ($0.01 per unit) as a consequence of a downward revaluation of certain office assets.

3.5 Capital Structure and Ownership

As at 10 December 2004, GPT had 2,016,716,610 ordinary units on issue.

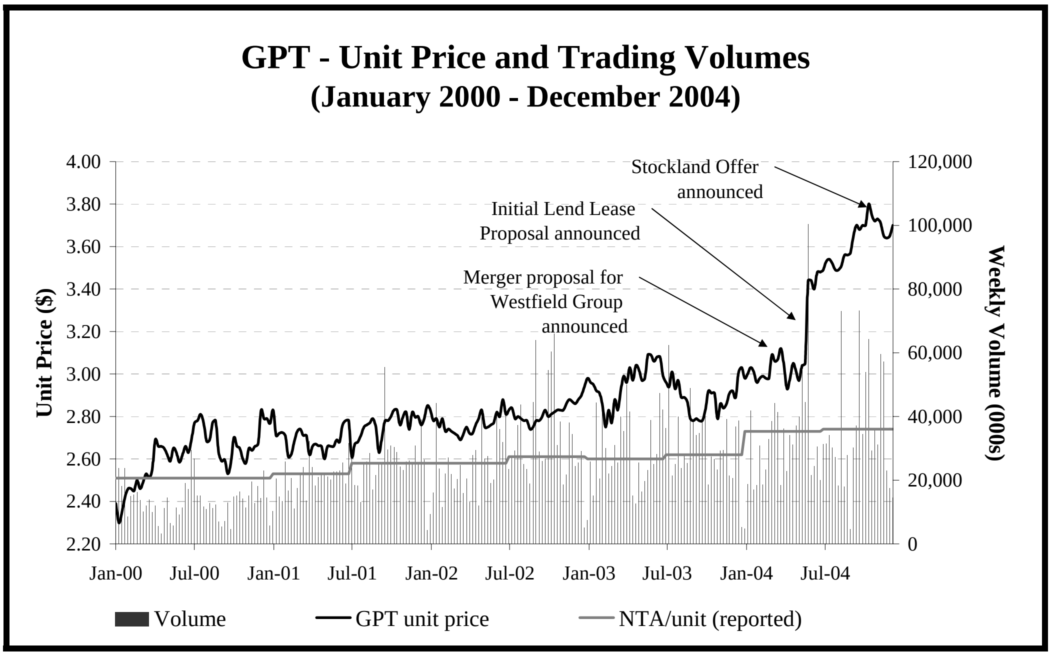
The substantial unitholders in GPT at 10 December 2004 were:

GPT – Substantial Unitholders as at 10 December 2004		
Unitholder	**Number of Units**	**Percentage Interest**
Commonwealth Bank of Australia	139,833,437	6.93%
Lend Lease[11]	136,141,495	6.75%
Westfield Group	131,755,640	6.53%
National Australia Bank	121,262,559	6.01%
Barclays Group	104,662,625	5.19%

Source: GPT Management, IRESS

3.6 Unit Price History

The following graph illustrates the movement in the GPT unit price and trading volumes since January 2000:



Source: IRESS, GPT Management

[11] Lend Lease's relevant interest in GPT is comprised of a direct unitholding of 17.3 million units (0.9%), a relevant interest in 97.6 million units (4.8%) managed on behalf of clients of the Lend Lease Real Estate Securities business (now managed by Resolution Capital Limited, a company in which Lend Lease has a 50% interest) and a relevant interest in 21.2 million units (1.1%) held by the GPT Split Trust. The GPT Split Trust has income and growth units listed on the ASX and operates a facility that allows unitholders to effectively exchange their units in the GPT Split Trust for an equivalent number of GPT units held by the Split Trust.

Units in GPT had traded in the range of $2.28 to $3.16 in the four and a half years prior to announcement of the initial Lend Lease Proposal on 24 May 2004 (and in the range of $2.71 to $3.16 in the twelve months prior to 24 May 2004). While the unit price exhibits some volatility, it has trended upwards over the period. The unit price high in the quarter ended 30 June 2003 ($3.16) may relate to increased corporate activity in the listed property trust sector and market anticipation of GPT's participation. The unit price increased dramatically (approximately 12%) upon the initial announcement of the Lend Lease Proposal on 24 May 2004.

A summary of the price history of GPT units since the announcement of the initial Lend Lease Proposal is set out below:

GPT - Recent Unit Price History

Period	Initial Lend Lease Proposal (24 May 2004)	Final Lend Lease Proposal (8 August 2004)	Stockland Offer (8 Nov 2004)	Current (10 Dec 2004)
Closing price day before	$3.05	$3.49	$3.73	$3.70
Week prior [12]	$3.05	$3.50	$3.69	$3.70
Month prior[12]	$3.02	$3.51	$3.72	$3.66
Low-High range[13]	$2.93-3.11	$3.45-3.55	$3.66–3.80	$3.59-3.76[14]

Source: IRESS

GPT's units have traded at a premium to NTA since mid 2000. In the 18 months prior to the announcement of the initial Lend Lease Proposal, the premium ranged between 5.8% and 18.8% with an average of 11.5%. The premia to NTA should be considered in the context that trust assets are independently valued on a three year rolling basis resulting in a lag between reported NTA (once every six months) and market perception of underlying value as well as the considerable amount of market speculation regarding consolidation of the listed property trust sector.

12 Volume weighted average prices shown.

13 Range for the period.

14 Since announcement of Stockland Offer on 8 November 2004 to 10 December 2004.

4 Profile of Stockland

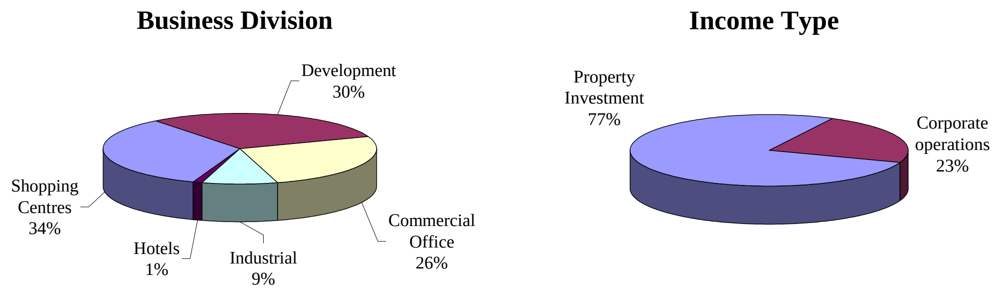
4.1 Background

Stockland was established as a stapled group in February 1988 with assets of approximately $490 million. Stapled securities in Stockland comprise a unit in Stockland Trust plus a share in Stockland Corporation. Stockland has an internalised management structure with STML (a wholly owned subsidiary of Stockland Corporation) the responsible entity for Stockland Trust.

Today, Stockland is the second largest listed property group in Australia by market capitalisation and one of the 30 largest entities listed on the ASX. It had a market capitalisation prior to announcement of the Stockland Offer of approximately $7.9 billion. It is a diversified property group involved in investment in and the management and development of shopping centre, commercial, residential, industrial and hotel properties across Australia. Stockland also owns shopping centres in New Zealand. The current book value of Stockland's property portfolio is approximately $5.4 billion.

Stockland's earnings by business division and by income type for the year ending 30 June 2005[15] is forecast as follows:

Stockland – Source of Forecast Earnings for the year ending 30 June 2005



Source: Bidder's Statement
Note: Corporate operations comprise development, hotel management and funds management.

4.2 Property Investment

Stockland's property portfolio comprises 95 properties including 40 shopping centres, 32 commercial office properties and 23 industrial and office park properties. The current book value of the property portfolio is approximately $5.4 billion. With the exception of three co-owned shopping centres in New Zealand, all properties are located within Australia. The portfolio includes 84 wholly owned properties and 11 held in co-ownership arrangements. Shopping centre assets represent the largest component of Stockland's portfolio:

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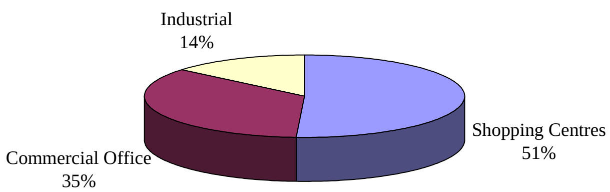
15 Split by business division is based on EBIT. Split by income type is based on net income (Stockland Trust) and net profit after tax (Stockland Corporation).

Stockland - Portfolio Diversification as at 30 June 2004 (by value)



Source: Stockland 2004 Annual Report

Stockland's property portfolio has grown significantly in recent years, primarily as a result of the acquisition of several listed property trusts.

Stockland has its properties independently valued at regular intervals as appropriate to the nature of each of the properties. Shopping centres and commercial office properties have tended to be valued more frequently given the greater volatility in capitalisation rates associated with these asset classes.

4.3 Development

Stockland develops masterplanned residential estates, integrated housing projects and large scale mixed use apartment projects. Following its recently announced acquisition of the Lensworth development business, Stockland's development pipeline comprises a residential estates land bank of over 64,000 lots and 2,100 apartment units. The development pipeline is weighted towards sites within the high population growth corridors in Queensland and New South Wales:

Stockland – Residential Development Pipeline (including Lensworth)

Region	Projects	Residential Estates (Lots)	Apartments (units)
Queensland	36	35,100	400
New South Wales	24	10,500	1,000
Victoria	14	12,900	600
Western Australia	10	5,500	-
South Australia	1	250	-
Australian Capital Territory	1	-	100
Total	**86**	**64,250**	**2,100**

Source: Stockland Development Division presentation (10 December 2004)

Planning, developing and marketing masterplanned residential estates is the largest component of Stockland's residential development business. Residential estates account for approximately 85% of the total development pipeline (by estimated end value) with 76 projects across Australia. Stockland acquires large land estates which it rezones and develops to create residential communities typically comprising a mix of low density housing and medium density dwellings, as well as retail shops and community facilities. Stockland's revenue is generated through the sale of vacant land of varying lot sizes to individuals and home builders.

Stockland's preferred approach is to own its development land bank in order to capture maximum valuation uplift when lots are rezoned and sold. Stockland currently owns 90% of the land associated with its development pipeline and has options or development agreements with third parties over the balance. The book value of Stockland's development land and properties (excluding the recently announced Lensworth acquisition) is currently in excess of $1.2 billion and is recorded at cost until developments are sold, although interest is capitalised into the carrying value of the land.

On 9 December 2004 Stockland announced the acquisition of Foster's Group Limited's masterplanned urban community development business, Lensworth for $846 million (including working capital). The Lensworth property portfolio consists of seven active projects and a further ten projects scheduled for commencement, and is heavily weighted towards the South East Queensland region.

Stockland is also a developer of integrated housing projects and apartments. These projects account for the remaining 15% of Stockland's development pipeline, with the apartments business comprising the vast majority of these projects. The apartments business concentrates on delivering high quality products in premium locations in Sydney, Melbourne and Brisbane to the owner occupier market and has a pipeline of 2,100 units across 11 projects. The integrated housing business delivers medium density and urban infill housing developments.

Stockland's competitors in the large scale residential development market include Lend Lease and Mirvac and, on smaller scale projects, Australand, AV Jennings and Peet & Co. The residential development market in Australia is highly fragmented reflecting the historically low barriers to entry. Stockland estimates its market share (including Lensworth) at less than 5% overall. However, limited supply of new sites and increasing planning obligations imposed by government are expected to increase barriers to entry and promote industry consolidation.

Stockland's development business has experienced strong growth over the last three years as a number of community and apartment projects have reached marketing phase. The residential estates development business has achieved semi-annual lot sales in the range of 1,450 to 1,600 between 1 July 2001 and 31 December 2003. However, lot sales for the half year ended 30 June 2004 fell by 408 lots to 1,201 which may reflect a softening in the Australian housing market. Notwithstanding this, Stockland expects to increase residential development earnings for the financial year ended 30 June 2005. Its growth expectations are underpinned by the planned launch of further residential projects to market during 2005 and the level of pre-sales already achieved (65% of 2005 budgeted sales had been secured at 30 November 2004). The Lensworth portfolio is expected to be only marginally accretive to earnings for the year ending 30 June 2005 but is forecast to add over $20 million to Stockland's net profit after tax in 2006.

In the longer term, Stockland intends to maintain its focus on the masterplanned residential estates sector and replenish its land bank via organic and corporate acquisitions. Stockland also intends to continue growing its apartments business by focussing its built form offering on the premium owner occupier market.

4.4 Hotel Management

Stockland operates and manages nine apartment style hotels across Australia's mainland capital cities under the "Saville Hotel Group" brand. The hotel portfolio includes in excess of 1,430 apartments which range from 3-star to deluxe. The Saville brand is well established and Stockland has over 20 years of management experience in the Australian hotel sector.

The hotel management business is a small but consistent contributor to Stockland's earnings. Stockland intends to continue to expand the Saville brand in Australia by pursuing development and acquisition opportunities.

4.5 Funds Management

Stockland has recently commenced funds management of third party unlisted property funds. The objective of this business is to provide quality unlisted investment products to wholesale and retail investors. Stockland closed its first retail unlisted property fund in September 2004 for a commercial waterfront property in Brisbane.

4.6 Historical and Forecast Financial Performance

The historical financial performance of Stockland for the five years ended 30 June 2004 and Stockland's forecast financial performance for the year ending 30 June 2005 are summarised below:

Stockland – Financial Performance ($ millions)

	Year ended 30 June					Year ending 30 June
	2000 actual	2001 actual	2002 actual	2003 actual	2004 actual	2005 forecast[16]
Revenue[17]	**269.5**	**414.5**	**548.8**	**602.4**	**996.0**	
EBITDA[18]	**134.0**	**247.3**	**291.6**	**329.2**	**571.1**	
Depreciation and amortisation	(2.4)	(2.6)	(3.7)	(3.7)	(6.4)	
Amortisation of goodwill	-	-	(0.8)	(1.3)	(1.1)	
EBIT[19]	**131.6**	**244.6**	**287.1**	**324.1**	**563.6**	
Net interest expense	(4.4)	(31.3)	(19.5)	(14.2)	(58.5)	
Profit before tax	**127.1**	**213.3**	**267.7**	**310.0**	**505.1**	**584.9**
Write(off)/back of goodwill on acquisition	-	-	-	(220.4)	220.4	-
Amortisation of goodwill from acquisition	-	-	-	-	(106.9)	(107.0)
Income tax expense	(12.0)	(15.1)	(17.8)	(25.2)	(43.8)	(53.1)
Net profit attributable to Stockland stapled securityholders	**115.1**	**198.2**	**249.9**	**64.4**	**574.7**	**424.9**
Retained profits	47.4	51.4	57.1	64.9	74.5	83.7
Distributable income	**162.5**	**249.6**	**307.0**	**129.3**	**649.2**	**508.6**
Distributions	(91.6)	(168.0)	(207.9)	(224.3)	(355.6)	(395.5)
Dividends	(20.1)	(24.5)	(33.4)	(48.5)	(90.7)	(109.1)
Transfers (to)/from capital reserves	0.6	-	(0.8)	218.1	(119.2)	91.9
Retained profits at year end	**51.4**	**57.1**	**64.9**	**74.5**	**83.7**	**95.9**
Statistics						
Earnings per stapled security (cents)[20]	*26.9*	*29.2*	*30.8*	*33.5*	*37.8*	*39.7*
Distribution/Dividend per stapled security						
- Distribution component (cents)	*21.4*	*24.7*	*25.6*	*26.4*	*29.5*	*30.4*
- Dividend component (cents)	*4.7*	*3.6*	*4.1*	*5.7*	*7.5*	*8.4*
Total (cents)	*26.1*	*28.3*	*29.7*	*32.1*	*37.0*	*38.4*
Tax advantaged component of distribution	*18.9%*	*27.9%*	*25.9%*	*16.9%*	*17.6%*	*17.5-20.0%*
Franking attached to dividend component	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Total distribution yield[21]	*7.4%*	*7.0%*	*6.8%*	*6.4%*	*7.1%*	*na*

Source: Stockland Annual Reports, Bidder's Statement

Profit before tax increased significantly in the year ended 30 June 2004 reflecting the $1.1 billion acquisition of the AMP Diversified Property Trust and the launch to market of several new urban community and apartment developments.

The writeback of goodwill in 2003 and 2004 relates to a change in accounting treatment for goodwill on acquisition of AMP Diversified Property Trust. Goodwill on acquisition of $220.4 million is being amortised over three years to 30 June 2006 rather than written off immediately.

Stockland's policy has been to distribute to securityholders 100% of Stockland Trust's net income and 90% of Stockland Corporation's net profit after tax. Distributions are paid six monthly.

16 Sourced from the Bidder's Statement.

17 Revenue is calculated as reported revenue from ordinary activities less cost of property developments sold and interest received.

18 EBITDA is earnings before net interest, tax, depreciation and amortisation and includes share of associates and joint venture net profits.

19 EBIT is earnings before net interest and tax.

20 Before adjustments in relation to acquisition of AMP Diversified Property Trust.

21 Total distribution yield is based on period end stapled security prices.

4.7 Financial Position

The financial position of Stockland as at 30 June 2004 is summarised below:

Stockland – Financial Position ($ millions)	
	As at 30 June 2004 actual
Cash	206.7
Receivables and prepayments	129.8
Prepaid land deposits	37.6
Development land and property	1,095.8
Investment properties	4,750.0
Investments in associates and joint ventures (equity accounted)	627.5
Goodwill (net)	222.7
Hotel, trust and property management rights (net)	47.0
Other assets	95.9
Total assets	**7,213.0**
Payables	(183.8)
Borrowings	(1,673.7)
Distributions and dividends payable	(236.4)
Other liabilities	(86.0)
Total liabilities	**(2,179.9)**
Net assets	**5,033.1**
Statistics	
Net borrowings	*1,467.1*
NTA	*4,763.4*
NTA per stapled security (cents)	*376.4*
Gearing (total debt/total assets)	*23.2%*
Gearing (net debt/net debt plus net tangible assets)	*23.5%*

Source: Stockland Annual Report

Approximately $1.0 billion of the total development assets of $1.1 billion relate to residential land and property under development and held for resale, with $82 million relating to retail development projects. All development assets are recorded at cost (but including capitalised interest), with any profit on sale of properties accounted for in the period in which they are sold.

As at 30 June 2004, Stockland's investment property assets (excluding Stockland residential development land and property) totalled approximately $5.4 billion, including co-owned and joint venture property interests. On 9 August 2004, Stockland entered into an asset swap arrangement with Westfield Group through which it acquired The Pines (a Melbourne sub-regional shopping centre) and sold the Imperial Arcade, a Sydney central business district property. As part of the arrangement Stockland paid Westfield Group $26 million as a consequence of asset value differentials. Also on 9 August 2004, Stockland announced it had entered into a sale agreement for three non-core commercial office buildings for $80.9 million.

Goodwill relates to the acquisition of AMP Diversified Property Trust in June 2003.

4.8 Capital Structure and Ownership

As at 10 December 2004, Stockland had 1,295,427,011 stapled securities on issue.[22]

The top 20 stapled securityholders in Stockland accounted for approximately 70.8% of the stapled securities on issue at 30 July 2004 and are all either institutional investors or institutional nominee companies. At 30 July 2004 there were 41,856 registered securityholders. Stockland currently has four substantial securityholders:

Stockland – Substantial Stapled Securityholders as at 10 December 2004

Securityholder	Number of Stapled Securities	Percentage Interest
Commonwealth Bank of Australia Limited/Colonial Limited	104,271,804	8.0%
Barclays Group	78,574,979	6.1%
Macquarie Bank Limited	71,798,554	5.5%
AMP Limited	70,516,482	5.4%

Source: IRESS

Stockland operates a distribution/dividend reinvestment plan which allows securityholders to reinvest the cash amount of their distributions in stapled securities at a discount of 2.5% to market prices, with no brokerage or transaction costs.

4.9 Stapled Security Price History

A summary of the price and trading history of Stockland stapled securities since 1 January 2000 is set out below:

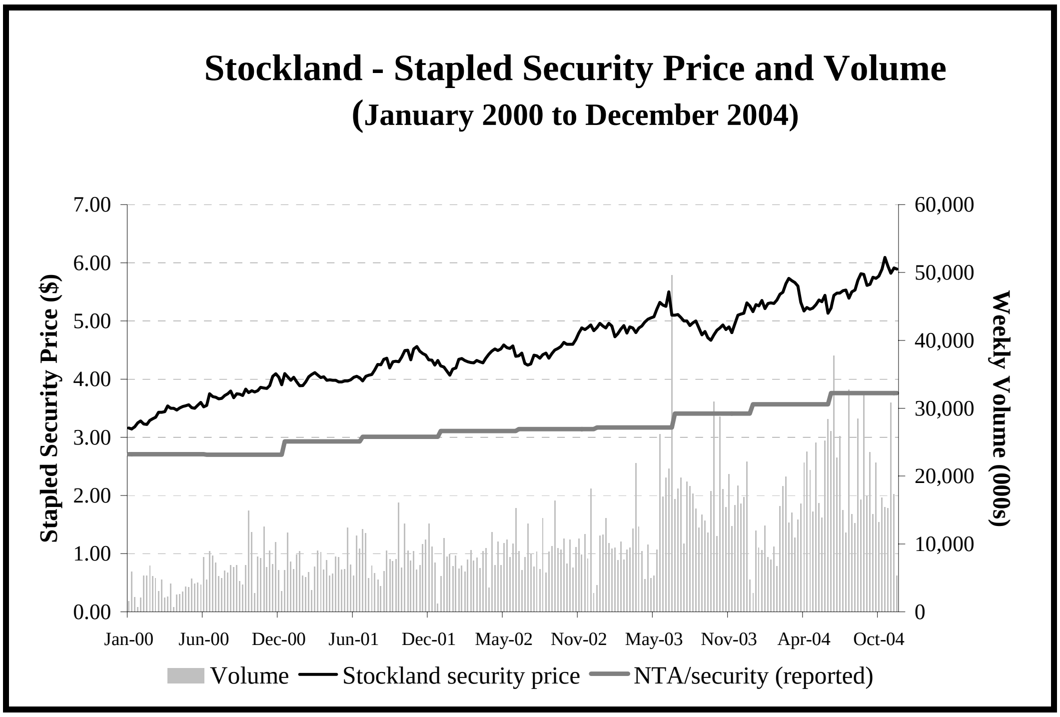
Stockland – Stapled Security Price History

	Stapled Security Price ($)			Average Weekly Volume (000's)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2000	4.12	3.06	3.90	5,502	297
2001	4.64	3.87	4.32	7,821	505
2002	4.97	4.05	4.82	8,890	563
2003	5.50	4.57	5.22	14,899	939
Quarter ended					
31 March 2004	5.74	5.12	5.65	11,483	973
30 June 2004	5.73	5.04	5.18	19,500	1,258
Month ended					
31 July 2004	5.54	5.18	5.52	25,633	1,342
31 August 2004	5.68	5.38	5.61	17,835	1,247
30 September 2004	5.93	5.57	5.69	24,696	1,325
31 October 2004	5.97	5.63	5.89	15,717	1,290
Week ended					
5 November 2004	6.10	5.85	6.09	15,406	1,825
12 November 2004	6.02	5.91	5.94	15,282	1,519
19 November 2004	5.97	5.80	5.82	30,824	1,395
26 November 2004	5.94	5.71	5.91	17,326	1,545
3 December 2004	5.97	5.85	5.92	12,739	1,624
10 December 2004	6.04	5.92	6.00	16,319	1,499

Source: IRESS

[22] This includes 28,760,895 stapled securities issued on 31 August 2004 and 1,034,000 unquoted stapled securities issued under various executive security plans. The 28,760,895 stapled securities have a pro-rata entitlement to distributions in respect of the half year ending 31 December 2004 and will be listed as a separate security until the stapled securities trade ex-distribution.

The following graph illustrates the movement in Stockland's stapled security price and trading volumes since January 2000:



Source: IRESS

Stockland stapled securities have traded in the range of \$3.06 to \$6.10 over the past four years, rising steadily over the period. The upward trend over the period primarily reflects the growth in earnings and distributions per unit.

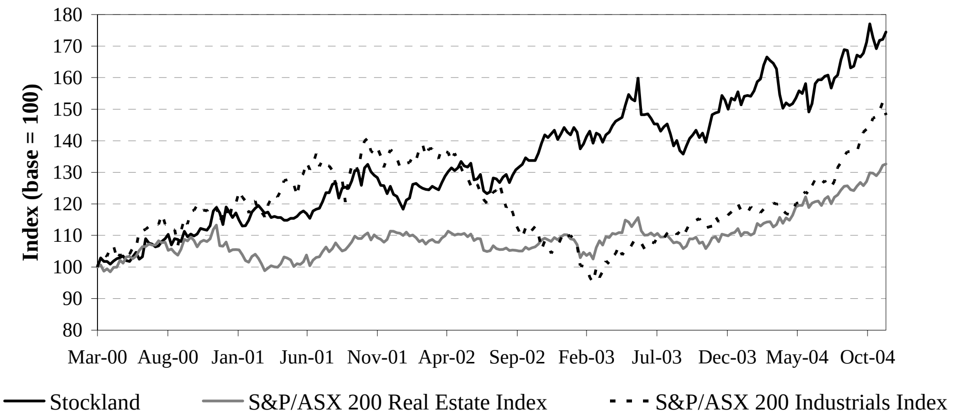
Stockland stapled securities have historically traded at a significant premium to NTA with the premium increasing over the last four years. The premium to NTA averaged approximately 40.8% for the year ended 30 June 2004 compared to 31.1% for the year ended 30 June 2001. Factors which are likely to have influenced the premium to NTA include the value of the development business (in excess of its capital employed) as well as expectations of continued growth in earnings and distributions, the level of unrecognised profits inherent in Stockland's growing residential development portfolio and the lag between property valuations and market perception of underlying value.

The closing price on 5 November 2004, the day prior to the announcement of the Stockland Offer was \$6.09, having risen from \$5.89 at the start of the week. Since the announcement, the stapled securities have traded in the range of \$5.71-6.04, with a volume weighted average price of \$5.90 (calculated up to 10 December 2004).

Trading in Stockland stapled securities is reasonably liquid. Average weekly volumes over the year preceding the announcement of the Stockland Offer represent approximately 1.4% of total securities on issue. This represents annual turnover of around 71% of total issued capital.

Stockland currently comprises 9.94% of the S&P/ASX Real Estate Index and 1.23% of the S&P/ASX 200 Industrials Index. Stockland has outperformed the S&P/ASX 200 Real Estate Index and the S&P/ASX 200 Industrials Index since September 2002.

Stockland vs S&P/ASX 200 Real Estate Index vs S&P/ASX 200 Industrials Index (31 March 2000 - 10 December 2004)



Source: IRESS

5 Profile of Stockland After Acquisition of GPT

5.1 Overview

Stockland's acquisition of GPT would have a material impact on its assets, liabilities and earnings. The extent of the impact depends on whether Stockland acquires 100% or 50.1% of GPT (its minimum acceptance condition) or somewhere in between. It is also possible that Stockland gains acceptances for less than 50.1% and waives the minimum acceptance condition. Under these circumstances Stockland would hold its interest in GPT as an investment.

Stockland's intentions in relation to GPT are set out in Section 5 of the Bidder's Statement.

If Stockland acquires control of GPT, regardless of whether it has 100% of GPT, it intends to seek to remove GPT Management as responsible entity of GPT and appoint a Stockland group entity as responsible entity. Stockland also intends to seek to appoint Stockland group entities to manage GPT's majority owned assets and undertake property management and development activities for GPT.

5.2 Operations

Following the acquisition of GPT, Stockland would continue to be the second largest listed Australian property group by market capitalisation albeit with a market capitalisation of approximately $15.4 billion, substantially larger than the third largest property group, Centro Properties Group.[23] Its operations would comprise:

- **Shopping Centres** – the ownership of 69 regional and sub-regional centres spread across mainland Australia with a book value of approximately $6.6 billion;
- **Office** – the ownership of 45 office properties that will be strongly weighted towards the Sydney market (64% of asset value) and have a book value of approximately $4.9 billion;
- **Industrial** – the ownership of 33 industrial and office park properties with a book value of approximately $1.1 billion;
- **Hotels** – it would be a major domestic hotel owner and manager through Stockland's Saville chain and GPT's portfolio of resort hotels; and
- **Residential Development** – the development of masterplanned residential estates, integrated housing projects and large scale mixed use apartment projects.

More than 80% of Stockland's pro forma EBIT for the year ending 30 June 2005 is forecast to be attributable to passive property investment with the balance primarily generated by residential development activities and hotel management. Stockland's operations would continue domestically focused with almost all of its income being generated in Australia.

5.3 Pro Forma Capital Structure and Ownership

The capital structure of Stockland will depend on the level of acceptances to the Stockland Offer. The following table shows the impact of the acquisition on the capital structure and ownership of Stockland for two outcomes – a 100% acquisition and a 50.1% acquisition. Under a 100% acquisition outcome, existing Stockland securityholders would own 51.5% and GPT unitholders would own 48.5% of the stapled securities on issue post-takeover.

[23] If the proposed merger between Macquarie Goodman Management Limited and Macquarie Goodman Industrial Trust is approved by securityholder in January 2005. The Macquarie Goodman Group will become the third largest property group.

Pro Forma Capital Structure		
	100% Acquisition	**50.1% Acquisition**
Stapled Securities on issue (million)		
Securities on issue pre-takeover	1,300.4	1,300.4
Securities issued pursuant to takeover	1,226.2	614.3
Pro forma stapled securities on issue	**2,526.6**	**1,914.7**
Ownership (%)		
Stockland stapled securityholders	51.5%	67.9%
Former GPT unitholders	48.5%	32.1%

It is possible that Stockland will secure more than 50.1% but less than 90% of GPT units on issue and not be able to move to compulsory acquisition. In these circumstances, GPT unitholders will collectively own between 32% and 46% of Stockland following the acquisition (depending on the extent of acceptances of the Stockland Offer) and unitholders who do not accept the offer will continue to hold units in GPT. Once Stockland replaces GPT Management as manager (as it intends to do), GPT would be effectively controlled by Stockland.

5.4 Financial Impact of the Acquisition

The table below summarises the Stockland Pro Forma Merged Forecasts have been presented on two bases:

- assuming the acquisition occurred on 1 July 2004 and Stockland acquired 100% of the GPT units; and
- assuming the acquisition occurred on 1 July 2004 and Stockland acquired 50.1% of the GPT units.

Stockland – Pro Forma Merged Forecasts ($ millions)		
	Year ending 30 June 2005	
	Merged group (100%)	**Merged group (50.1%)**
Trust net income	878.5	850.7
Corporation profit before tax	193.8	214.6
Profit before tax and significant items	**1,072.3**	**1,065.3**
Income tax expense	(58.9)	(65.1)
Outside equity interests	-	(222.3)
Profit before significant items	**1,013.4**	**777.9**
Amortisation of goodwill on acquisition	(206.6)	(157.5)
Other significant items	15.1	15.1
Net profit attributable to Stockland stapled securityholders	**821.9**	**635.5**
Distributions provided for or paid	**1,000.5**	**762.1**
Statistics		
Weighted average number of securities on issue (millions)	*2,526.6*	*1,914.7*
Earnings per security (before significant items) (cents)	*40.1*	*40.6*
Distribution per security (cents)	*39.6*	*39.8*

Source: Bidder's Statement

The forecasts for Stockland post the acquisition are based on forecasts for the financial performance of both GPT and Stockland on a stand alone basis. The GPT Forecast is sourced from the Explanatory Memorandum issued in relation to the Lend Lease Proposal. The Stockland Forecast is based on three months actual performance and nine months forecast. The assumptions adopted in preparing the Stockland Forecast are set out in Section 6.8 of the Bidder's Statement.

Detailed assumptions underlying the Stockland Pro Forma Merged Forecasts are set out in Sections 6.4, 6.8 and 6.9 of the Bidder's Statement. Major assumptions include:

- Australian Generally Accepted Accounting Principles ("Australian GAAP") apply throughout the period;
- after tax cost savings of $40 million in 2005 assuming Stockland acquires 100%. In the event that more than 50.1% and less than 90% is acquired by Stockland, Stockland would assume the role of responsible entity of GPT and property manager of GPT wholly-owned properties. This will result in additional revenue to Stockland at no additional cost to GPT;
- in the event any pre-emptive right that exists under a co-ownership agreement to which GPT is a party is exercised, the proceeds are reinvested in additional properties at a similar yield resulting in no material impact on forecast earnings;
- dividend and distribution payouts are 90% for corporate earnings and 100% for trust earnings and paid six monthly;
- a decrease in net interest expense upon restructuring GPT's existing fixed rate debt and swap facilities and aligning GPT's distribution timing; and
- goodwill of $2 billion arising from the acquisition is amortised over a 20 year period.

The Stockland Pro Forma Financial Position as at 30 June 2004 is summarised below:

Stockland – Pro Forma Financial Position ($ millions)		
	As at 30 June 2004	
	Merged group (100%)	Merged group (50.1%)
Cash	183.9	183.9
Investment properties	12,806.4	12,806.4
Receivables	219.9	219.9
Inventories	1,095.8	1,095.8
Intangibles	2,263.2	1,279.9
Other investments	636.7	636.7
Other assets	220.2	220.2
Total assets	**17,426.1**	**16,442.8**
Borrowings	(4,142.7)	(4,142.7)
Distribution/Dividend payable	(211.7)	(211.7)
Creditors	(333.1)	(333.1)
Other liabilities	(86.0)	(86.0)
Total liabilities	**4,773.5**	4,773.5
Net assets	**12,652.6**	11,669.3
Outside equity interests	-	(2,742.9)
Equity attributable to Stockland stapled securityholders	**12,652.6**	8,926.4
Statistics		
Stapled securities on issue (millions)	*2,519.6*	*1,908.7*
NTA	*10,389.4*	*7,646.5*
NTA per stapled security	*$4.12*	*$4.01*
Gearing (total borrowings/total tangible assets)	*27.3%*	*27.3%*

Source: Bidder's Statement

The Stockland Pro Forma Financial Position and the underlying assumptions are set out in detail in Section 6.11 of the Bidder's Statement. It is based on the audited financial position of GPT and Stockland as at 30 June 2004 and the financial effect of the Stockland Offer. Specifically, it assumes:

- the acquisition occurred on 1 July 2004;
- Australian GAAP apply;
- goodwill of approximately $2 billion arises from an acquisition of 100% of GPT units by Stockland and $1 billion from an acquisition of 50.1%;
- transaction costs of $47 million associated with the Stockland Offer (including GPT costs) are incurred and funded through borrowings; and
- the impact of a number of material transactions post 30 June 2004 are incorporated in the financial positions for both Stockland and GPT.

Stockland’s gearing (defined as total borrowings to total tangible assets) following the acquisition will be 27.3%. This will increase to approximately 31.2% after allowing for the acquisition of the Lensworth development business.

6 Evaluation of the Offer

6.1 Summary

The issues facing GPT unitholders are not as simple as whether or not the Stockland Offer is "fair" or "reasonable". Rather, GPT unitholders need to determine what course of action to take in an environment where various parties are potentially interested in GPT. The struggle for ownership and control of GPT has been underway for over six months but continues to evolve. With the defeat of the Lend Lease Proposal, the Stockland Offer is the only offer formally on the table. However, the potential for alternative proposals to emerge remains. Lend Lease will inevitably continue to have a vital interest in GPT's future. The Westfield Group has disclosed a significant holding of GPT units (6.5%) but has not indicated its position regarding GPT.

It is difficult to recommend the Stockland Offer as fair when it is demonstrably inferior in value terms to the Lend Lease Proposal which was rejected by GPT unitholders (albeit by a minority of unitholders). There are some grounds on which the Stockland Offer could be argued to be reasonable. The value of the offer exceeds the prices at which GPT units are likely to trade in the absence of takeover speculation. On the other hand, there are no obvious reasons to accept an offer that is not fair. GPT has an open register and is clearly a strategically attractive asset. Certainly, it would be unwise to assume at this stage that no better alternative will come forward. Neither of the criteria of "fairness" and "reasonableness" give clear guidance as to whether or not to accept the Stockland Offer in the current circumstances.

In Grant Samuel's view, Stockland securities are likely to trade at a yield of 6.7-6.9% post the acquisition of GPT implying a price in the range $5.75-5.90 per stapled security. On this basis, the value of the Stockland Offer is $3.50-3.59 per GPT unit. Based on the weighted average market price of Stockland securities since the announcement of its offer of $5.90, the "see through" value of the Stockland Offer is $3.53 per GPT unit after adjusting for differences in distribution entitlements. It is true that these values:

- exceed the prices of $3.20-3.25 at which Grant Samuel estimates that GPT units would probably trade today based only on fundamentals (i.e. in the absence of any proposed takeover or merger); and

- are well in excess of GPT net asset value of $2.74 per unit (as shown in the latest audited GPT accounts) and will probably still represent a meaningful premium after GPT's proposed revaluation of certain assets as at 30 September 2004.

However:

- the value of the Stockland Offer is only just above the range of prices ($3.45-3.55) at which GPT units were trading prior to 6 August 2004 when the final terms of the Lend Lease Proposal were announced and is below the current unit price of around $3.70;

- the value of the Stockland Offer is well below the value of $3.72 attributed to the Lend Lease Proposal. Based on today's Lend Lease share price, the Lend Lease Proposal would have an even higher value. While this proposal is no longer "on the table", it demonstrates the value that is potentially achievable;

- there are legitimate questions about the sustainability of the Stockland security price, particularly with dilution in growth from the acquisition of GPT (notwithstanding Stockland's recent acquisition of the Lensworth land development business) and the slowdown in the residential market;

- the Stockland Offer is conditional on 50.1% acceptances. If the Stockland Offer becomes unconditional but Stockland does not acquire 100% of GPT, there could be an adverse impact on the price of both Stockland securities and GPT units;

- there may be adverse capital gains tax ("CGT") consequences for post-CGT unitholders in GPT if Stockland does not reach the 80% threshold level required to obtain scrip-for-scrip rollover relief; and

- acceptance of the Stockland Offer would "shut out" any alternatives that could produce a superior outcome.

Grant Samuel's conclusion is that there are no compelling reasons to accept the Stockland Offer in its present form at the present time. By not accepting the Stockland Offer, GPT unitholders will leave GPT in play and possibly encourage Stockland to lift its offer. There is no imperative to act quickly. Unitholders should wait to see what other proposals emerge.

Unitholders that wish to realise their investment should consider selling on market, at least while the unit price remains above the value implied by the Stockland Offer.

6.2 Value of the Stockland Offer

6.2.1 Basis of Assessment

The value to GPT unitholders of the Stockland Offer will be determined by the market rating and market price of Stockland securities following the acquisition of GPT.

Grant Samuel has assessed a likely trading value for Stockland securities post acquisition having regard to:

- market trading data for Stockland, GPT and other industry participants;

- financial forecasts for the expanded Stockland group as set out in Stockland's Bidder's Statement; and

- its professional judgement.

It is important to recognise that the assessment is based only on publicly available information. Stockland has published a detailed Bidder's Statement. Grant Samuel relied on the information set out in that statement. It should also be noted that Stockland has a legal obligation to include in its Bidder's Statement all information that would be material to a GPT unitholder in making a decision in relation to the Stockland Offer.

Grant Samuel requested further information from Stockland in late November 2004 via GPT's advisers. No information was provided but Grant Samuel was given a presentation by Stockland management on 14 December 2004. While, the presentation did not include any non public or confidential information, Stockland offered at the time of that presentation to provide limited confidential information.

However, given the statutory deadline for finalising the report, a meaningful analysis of information that Stockland may have chosen to provide at that time would not have been possible. Accordingly, Grant Samuel has not been able to undertake a detailed investigation or analysis of Stockland (or in particular its development activities).

While this situation is not unusual in the case of unsolicited takeovers, it does mean that Grant Samuel's analysis of the value of the Stockland Offer is limited in nature and is necessarily qualified to this extent.

6.2.2 Market Rating of Stockland following the Acquisition of GPT

The current trading yields of stapled securities and pure listed property trusts are set out in the following table:

Sharemarket Ratings of Selected Listed Property Trusts

Stapled Security/Trust	Market Capitalisation (A$ millions)	Property Investment [24] (%)	Gearing[25] (%)	Premium to reported NTA (%)	Distribution Yield[26] (%) Year end 30 June 2004 historical	2005 forecast	Forecast Distribution Growth Per Annum (2005-2007) (%)
Stapled Securities							
Westfield Group	26,677	90.3	43.1	91.7	na	6.6	6.2
Centro Properties Group	3,932	83.1	29.4	42.8	6.0	6.5	3.8
DB RREEF Trust	3,465	98.0	46.4	7.3	7.0	8.0	3.7
Mirvac Group[27]	3,308	42.1	38.4	47.2	7.1	7.5	4.0
Investa Property Group	3,074	84.7	41.2	19.9	7.7	7.8	0.9
Multiplex Group[27]	2,636	40.9	26.9	nm	7.3	7.1	12.3
Australand Property Group	1,587	25.0	39.8	34.5	7.1	8.8	0.3
Onyx Property Group[27, 28]	1,257	100.0	31.9	11.2	7.7	7.7	-0.5
James Fielding Group[27]	448	77.2	28.5	31.7	7.6	7.9	2.6
Valad Property Group	423	84.0	41.6	26.0	7.4	7.4	2.1
Simple average		*72.5*	*36.7*	*39.6*	*7.2*	*7.5*	*3.5*
Weighted average		*81.0*	*40.4*	*63.4*	*7.1*	*7.0*	*5.2*
Listed Property Trusts							
Macquarie Goodman Industrial Trust[27]	3,390	100.0	35.0	45.2	6.7	6.9	2.8
CFS Gandel Retail Trust	3,231	100.0	26.5	21.6	6.0	6.2	3.3
Macquarie Office Trust	2,197	100.0	41.2	18.3	8.0	8.4	2.3
Commonwealth Office Property Fund	1,902	100.0	33.0	15.0	7.3	7.4	3.0
ING Industrial Fund	1,582	100.0	25.4	29.4	6.5	6.7	1.0
Macquarie Countrywide Trust	1,402	100.0	20.6	30.0	6.7	7.0	3.0
ING Office Fund	1,359	100.0	36.5	20.6	7.5	7.5	-3.7
Simple average		*100.0*	*31.2*	*25.7*	*7.0*	*7.2*	*1.7*
Weighted average		*100.0*	*31.6*	*27.1*	*6.9*	*7.1*	*2.1*

Source: Trust announcements, brokers' reports, share price data as at 10 December 2004 (unless stated otherwise)

Recent market prices for Stockland imply a standalone yield between 6.5% and 6.6% based on a forecast distribution of 38.8 cents for the year ending 30 June 2005. This is consistent with analyst expectations of 6.6-6.9% for the forecast trading yield of Stockland for the same period, albeit at the low end:

24 Property investment as a percentage of earnings before interest, tax and unallocated expenses. Investa Property Group calculated post tax.

25 Gearing calculated as total borrowings divided by total tangible assets.

26 Distribution yield calculated as distribution per unit divided by security price.

27 Currently involved in a corporate transaction. Security prices immediately prior to announcement of the respective transactions have been used.

28 Formerly Ronin Property Group

Stockland – Forecast 2005 Standalone Distribution Yield		
	Price ($)	**Implied Yield**
Current (15 Dec 2004)	5.90	6.6%
Closing price prior to bid (5 Nov 2004)	6.09	6.4%
One week prior to bid	6.00	6.5%
Month prior to bid	5.84	6.6%
Three months prior to bid	5.72	6.8%
Brokers[29]	5.60-5.86	6.6%-6.9%

Source: IRESS, Broker's reports.

Stockland has historically been rated more highly than most other listed property trusts and stapled securities.

Stockland's high rating is supported by the strong and consistent profit growth that Stockland has delivered over a long period of time. It has a highly regarded management team. Stockland has achieved compound average distribution growth of 9.1% per annum over the last four years and is expected to achieve growth of 5% for the year ending 30 June 2005. Stockland's acquisition of undervalued sub-regional shopping centres and the performance of its residential development business have been key drivers of its growth coupled with the benefits of increased gearing over the period. The development business in particular has enjoyed buoyant trading conditions over the past 2-3 years with EBITA contribution growing from $69 million to $178 million between 2002 and 2004. Its ability to maintain a long development project pipeline and successfully deliver projects has also contributed to its high rating.

The combined Stockland/GPT group will however be a different business with a different asset base and growth profile. GPT will represent approximately 50% of the expanded Stockland group and therefore its acquisition has a major impact on Stockland. Accordingly, the yield attributed by the market to the expanded group is likely to be different to the stand alone yield. This is difficult to judge with precision.

An important issue is that acquisition of GPT will dilute Stockland's growth prospects. GPT brings a high quality portfolio with solid growth prospects but it has limited non investment activities which can help push up the overall growth outlook. Stockland's forecast growth for the year ending 30 June 2005 of 5% combined with GPT's stand alone growth of 3.0-3.5% would give a weighted average growth rate of around 4%.

Other questions arise as to the sustainability of Stockland's rating. These include:

- the ability of Stockland to lift growth will be questioned. The higher growth (and higher risk) development business represents only 16% of EBIT post the acquisition of GPT. Stockland's strategy is to expand this to between 25% and 30% over the next three years through organic growth. Consistent with this strategy, Stockland announced the acquisition of the Lensworth residential development business on 9 December 2004 for $846 million, which is likely to lift development earnings to around 20% of EBIT in the year ending 30 June 2006 for the combined group (on a pro forma basis). Its ability to maintain historical growth rates will be a challenge in the context of the softening residential market and the apparently high price paid for Lensworth (17.0 times historical EBITA), which may place pressure on future profitability. More importantly these factors will raise questions in the minds of analysts about the value proposition;

[29] Broker's implied yields based on broker's price target for Stockland and forecast 2005 distribution.

- over 95% of Stockland's non investment income comes from residential development in Australia. Evidence continues to emerge of price contraction and a slowdown in activity levels in this sector. Stockland's own results reflect this trend;

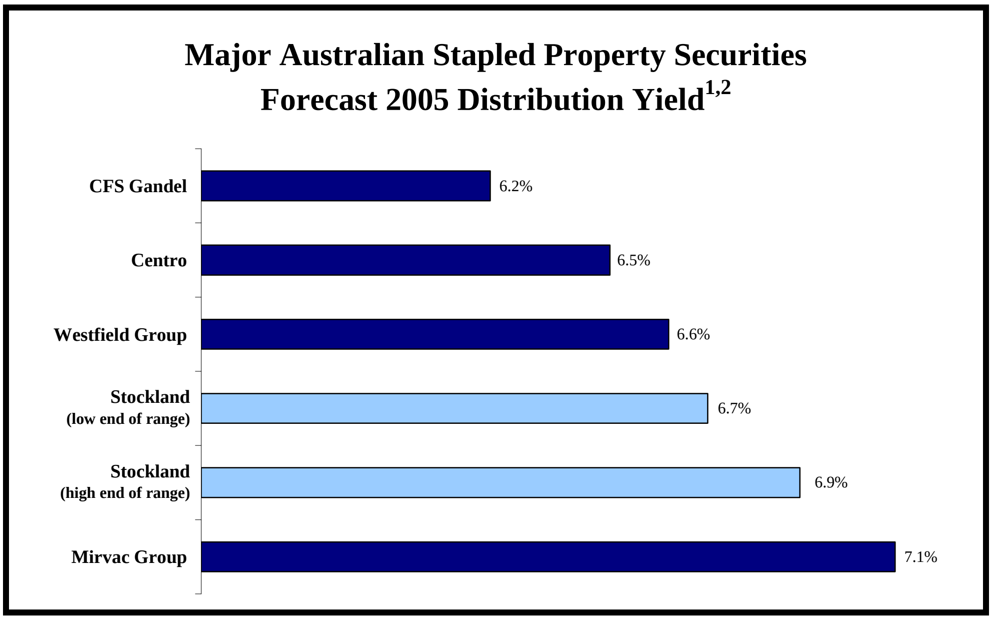
- the value of the development business implied by the market price of Stockland appears to represent high multiples of earnings relative to comparable entities (see Section 6.2.4). The multiples are well above those attributed by Grant Samuel in its valuation of Delfin Lend Lease in the report on the Lend Lease Proposal. Prima facie, Grant Samuel would not attribute these kinds of multiples to the Stockland business although it is acknowledged that Grant Samuel has not had access to detailed non public information on the Stockland business. While the analysis is necessarily high level, subject to critical assumptions and based only on publicly available information, it does illustrate the potential for the market to reassess Stockland's rating particularly in a situation where there are clear signs of a slowdown. Prices reflecting high earnings multiples can be subject to sudden changes in market sentiment. It is also arguable that the value attributed to this business has benefited from being associated with a listed property trust and valued on an overall basis rather than being assessed as a separate business;

- the merged Stockland/GPT will have a portfolio of approximately $13.5 billion of investment assets in Australia and a development business with a domestic focus. Given the significant size of Stockland following the acquisition of GPT, its ability to achieve meaningful growth solely from the Australian market may be constrained. There has been a growing trend of property trusts pursuing assets overseas in search of higher returns and diversification benefits. However, overseas expansion brings additional risks (e.g. currency, interest rates, economic risks). Stockland has no meaningful track record in managing overseas assets;

These issues may partly explain the fall in the Stockland security price immediately following the announcement of the Stockland Offer.

Based on Stockland's stand alone yield of 6.5-6.6% and a GPT stand alone yield of 6.9-7.0% after adjusting for the firming of listed property trust sector yields since May 2004, the weighted average forecast 2005 yield for Stockland and GPT is around 6.7-6.8%.

Grant Samuel believes it is realistic to anticipate Stockland securities trading at 2005 yields in the range 6.7-6.9% in the short term post the acquisition of GPT assuming continuation of current market conditions. Stockland yields of 6.7-6.9% are compared to yields for other major stapled property groups below. The comparison with current trading yields is not necessarily completely reliable. Given the level of corporate activity in the listed property trust sector, property trusts and stapled securities may be trading ahead of fundamentals.



Note: (1) As at 10 December 2004.

(2) The trading yield of Stockland prior to the announcement of the Stockland Offer was 6.4% based on forecast stand alone distributions of 38.8 cents for the year ending 30 June 2005 and a security price of $6.09 as at 5 November 2004.

6.2.3 Value of the Consideration

In Grant Samuel's view, the stapled securities in Stockland could be expected to trade at yields in the range 6.7-6.9% post the acquisition of GPT. Based on the pro forma distribution for the year ending 30 June 2005 of 39.6 cents per stapled security as forecast by Stockland, this yield implies a trading range of approximately $5.75-5.90 for Stockland securities. On this basis, the Stockland Offer has a value of $3.50-3.59 per GPT unit (assuming continuation of current trading conditions).

This value range is consistent with the "see through" value of the Stockland Offer based on the Stockland security price since the announcement of the Stockland Offer after adjusting for differences in distribution entitlements. The weighted average Stockland security price since announcement is $5.90 (up to 10 December 2004):

Value of Stockland Offer per GPT Unit		
Period from 8 November to 10 December	**Stockland Price**	**Value of Stockland Offer[30]**
Low Price	5.71	3.40 - 3.44
Volume weighted average price	5.90	3.49 - 3.53
High price	6.04	3.57 - 3.61

GPT unitholders should recognise that security prices fluctuate and the price at which Stockland securities trade in the future may be higher or lower than the prices implied by the current price of Stockland.

[30] The prices of Stockland securities and GPT units effectively include some element of accrued distributions. In order to adjust for the differences between the accrued distribution entitlements, the value of the Stockland Offer should be reduced by approximately 6 cents per GPT unit. The 6 cents reflects the Stockland distributions that the GPT unitholders will not be entitled to of approximately 17 cents per Stockland security (accrued during the period 1 July to 10 December 2004) and the GPT distributions of approximately 4 cents per unit (accrued during the period 1 October to 10 December 2004) that GPT unitholders will be entitled to. If the method of calculation is based on the accrual from the ex distribution date, the differential would be approximately 10 cents. Another method of calculation is to ignore the accrual period and simply allow for the full distributions. On this basis the differential would be approximately 6 cents.

In addition, there are certain risk factors and other issues that have been raised which could impact on Stockland's market value including:

- the questions in relation to sustainability of Stockland's market rating given the impact of the acquisition on growth outlook and the softening residential market (see Section 6.2.2 above);

- pre-emptive rights and change of control provisions exist in relation to properties co-owned by GPT. GPT in its Target Statement has indicated that all but two of these are not triggered by a change of control of GPT or by Stockland replacing GPT Management as responsible entity. Those that can be exercised are held by Lend Lease and relate to GPT's interest in Twin Waters and Rouse Hill. While Lend Lease has indicated it will exercise these rights, the impact is not likely to be material in the context of GPT's $8.1 billion portfolio. GPT's interest in these assets had a book value of $18.4 million at 30 June 2004;

- Stockland has estimated cost savings of $40 million per annum after tax in the year ending 30 June 2005. This estimate was prepared by Stockland based only on publicly available information in relation to GPT. Accordingly, there is necessarily some uncertainty regarding the level of cost savings. Notably, the forecast interest savings will also incurr a not insignificant cost to achieve them; and

- there may be risks in integrating GPT operations, management and information technology systems. Stockland has demonstrated a track record of successfully completing a number of property trust acquisitions but:

  - GPT will be by far its largest and potentially most complex acquisition; and

  - Stockland would also be integrating the Lensworth business at the same time.

All of these factors suggest caution is necessary in attributing a value to the Stockland Offer. On the other hand:

- Stockland is a large entity and its securities are liquid and well traded. It is closely followed by investors and analysts;

- the Bidder's Statement set out information on the financial effects of the offer; and

- the market should be fully aware of these issues of concern and have taken them into account in determining the prevailing market price. Lend Lease has widely disseminated information raising a number of questions about the value of Stockland.

6.2.4 Value Analysis of Stockland

The valuation of Stockland's development business is one component in the analysis of the value of the offer. Grant Samuel has not had access to detailed non public information on this business but analysis of the market value can provide some insights.

One approach is to calculate an implied value for the development business and consider it as a stand alone development business. This approach assumes that the market value over and above the value of Stockland's investment assets (adjusted for an appropriate trading premium) is fully attributable to Stockland's corporate activities. The analysis is high level and requires numerous assumptions. To this extent it has limitations.

Since the announcement of the Stockland Offer, Stockland's securities have traded in the range $5.71-6.04 with a volume weighted average of $5.90 (to 10 December 2004). This implies a value of $2.7-3.4 billion for Stockland's corporate activities excluding the recently announced acquisition of the Lensworth business:

Stockland – Market Value Analysis ($ millions)		
	Low	**High**
Market price (per stapled security)	$5.71	$6.04
Stapled securities on issue (million) (at 10 December 2004)	1,295	1,295
Market capitalisation	7,397	7,824
Net borrowings (at 30 June 2004)	1,467	1,467
Borrowings for the acquisition of Lensworth	846	846
Enterprise Value	**9,710**	**10,137**
Less:		
Investment properties (book value at 30 June 2004)	(5,377)	(5,377)
Trading premium for investment properties (15%-10%)	(806)	(538)
Lensworth business (at acquisition cost)	(846)	(846)
Implied value of corporate activities (excl. Lensworth)	**2,681**	**3,377**

The implied value of Stockland's corporate activities has been calculated on the following basis:

- net borrowings is based on Stockland's balance sheet as at 30 June 2004;
- Stockland announced the acquisition of the Lensworth business from Foster's on 9 December 2004 for total cash consideration of $846 million. The acquisition is to be entirely debt funded. The analysis assumes that there is no uplift in the market value for Stockland stapled securities as a result of the acquisition (ie there is no net increase in Stocklands equity value);
- no allowance has been made for other assets and liabilities (e.g. the mark to market value of exchange rate and interest rate hedges);
- the value of investment properties is based on Stockland's balance sheet as at 30 June 2004. These are carried at valuation plus capital expenditure incurred post valuation to 30 June 2004. No allowance has been made for increased market value of the properties to the current date;
- a premium of 10-15% has been applied to the value of investment properties to reflect the premium to NTA that appears to exist for listed property trusts. The selection of a premium for Stockland's assets is arbitrary. The factors considered include:
  - listed property trusts that are pure investment vehicles are currently trading at an average premium to NTA of approximately 18% (on an ungeared basis). The premia to NTA has increased significantly over the last few months due to the firming of yields across the listed property trust sector. At one level a significant premium to NTA makes little intuitive sense although there are valid reasons for some premium:
    - the lag between the carrying value of assets (which are independently valued at regular intervals, usually every three years) and current value; and
    - the level of unrecognised profits inherent in assets under development.

    Nevertheless, the substantial premium exists, even for pure investment vehicles. This may be partly due to differences in approach between property securities investors (who are focussed on yield relative to alternatives) and property valuers and the value created by having an integrated portfolio of properties (and the risk effects of diversity) compared to the value of individual properties;
  - the premia to NTA varies significantly across the property trust sector and reflects a range of factors including the specific sector involved, the quality and composition of the underlying portfolio, its size and its expected distribution

growth profile. The office sub sector has been trading at a premium lower than the retail and industrial sub sectors reflecting the weak underlying performance of the sub sector over the last few years;

- office property trusts are currently trading at a premia to NTA of around 10-13% (ungeared), ING Industrial Fund is trading at a 22% premium to NTA (ungeared) and CFS Gandel Retail Trust is trading at a 16% premium. Diversified trusts such as DB RREEF Trust and Investa Group trade at premiums of 4% and 11% respectively; and

- in the 18 months prior to the announcement of the initial Lend Lease Proposal, GPT traded at a premium to NTA (on a geared basis) of between 5.8% and 18.8% with an average of 11.5%. This would be lower on an ungeared basis. GPT's portfolio predominantly consists of retail and office assets. The estimated market value of GPT in the absence of a takeover of $3.20-3.25 represents an ungeared premium to NTA (at 30 June 2004) of 12-13%.

A value of $2.7-3.4 billion for Stockland's corporate activities (excluding the Lensworth business) represents the following multiples of current and forecast earnings:

Stockland – Implied Multiples for Corporate Activities

		Multiples	
	Variable ($ millions)	**Low**	**High**
Value range ($ million)		**2,681**	**3,377**
EBITA Multiple			
Year ended 30 June 2004 (actual)	171	15.7	19.8
Year ending 30 June 2005 (forecast)	208	12.9	16.3

The forecast EBITA for the non investment activities was not separately disclosed in Stockland's Bidder's Statement. It has been estimated from that document based on the stated proportion contributed by these activities. It is consistent with broker's estimates.

Stockland's corporate activities consist of development of residential estates and apartments, retail projects as well as hotel management and property funds management. However, the residential development activities account for almost all of its corporate EBITA (more than 95%). As a result, the implied multiples provide an indication of the rating of Stockland's development business.

The implied multiples of 15.8-19.9 times historical EBITA and 13.0-16.3 times forecast EBITA appear high:

- trading multiples for comparable Australian listed development companies are lower. Peet & Co trades on an historical EBITA multiple of 9.7 times while AV Jennings trades on 5.1 times. Peet & Co trades on a forecast EBITA multiple of 9.0 times[31]; and

- the Delfin Lend Lease business was valued by Grant Samuel in its report on the Lend Lease Proposal at values that implied 9.4-10.1 times historical EBITA and 8.3-9.0 times forecast EBITA. The valuation, based on a number of metholdologies including discounted cash flow, was for the whole of the business and included a premium for control. Trading multiples would be lower.

There are differences between the development businesses. Stockland predominantly owns land which it then develops while Delfin Lend Lease and Peet & Co which have land management agreements with land owners. The land management model has lower

31 Forecast estimates for AV Jennings are not available.

margins but does not require the capital or incur the holding costs from owning land inventory. At the same time, Stockland captures the full upside from increases in the land value over time. Nevertheless, the implied multiples are above the level Grant Samuel would attribute to the Stockland business based on the information available (although it is acknowledged that access to non public information could change this view).

While the above analysis is high level, it illustrates the high market rating attributable to Stockland's development activities relative to other listed development companies and is a valid area of concern for GPT unitholders in an environment where there is evidence of a softening in the residential market. This issue is accentuated on a post acquisition basis because of the premium to NTA that would be effectively paid by Stockland to acquire GPT. The effect is that the implied multiples for the development business increase even further if Stockland's market price is to remain at current levels.

6.3 Impact on Earnings, Distributions, NTA and Gearing

It is expected that Stockland's acquisition of GPT would result in increased earnings and distributions attributable to GPT unitholders. Pro forma forecasts presented in Stockland's Bidder's Statement indicate that distributions attributable to GPT units will increase by 7.1% in the year ending 30 June 2005:

Pro Forma Forecast Financial Impact of the Stockland Offer

	Pre Acquisition	Post Acquisition	% change
Earnings and Distributions			
Earnings per GPT equivalent unit	22.5¢	24.4¢	+8.4%
Distribution per GPT equivalent unit	22.5¢	24.1¢	+7.1%
Distribution payout ratio	100%	~99%	
Financial Position and NTA			
NTA per GPT unit	$2.74	$2.50	-8.6%
Gearing	29.5%[32]	31.2%[33]	+5.8%

Source: Stockland Bidder's Statement, GPT Explanatory Memorandum

The increase in earnings and distributions reflects assumed cost savings of $40 million per annum after tax (assuming Stockland acquires 100% of GPT) and the acquisition terms.

Stockland is expecting to achieve cost savings after tax of $40 million in 2005 with the acquisition of GPT. The savings were estimated by Stockalnd without access to detailed operational information on GPT's cost base and accordingly, there is some uncertainty as to their achieveability. The savings are:

- $22 million in responsible entity fees from the internalisation of management;
- $15 million in property management and leasing fees from internal management of GPT's wholly owned properties; and
- $3 million in listing fees, registry costs and other public company costs.

Stockland has assumed net interest savings of approximately $2.4 million from restructuring GPT's debt and swap arrangements. GPT has stated that there would be a cost of $8 million to achieve this saving. An additional $3.4 million per annum in interest savings is expected from aligning GPT's quarterly distribution profile with Stockland's half yearly profile.

The after tax cost savings of $40 million in 2005 assume that Stockland acquires 100% of GPT. In the event that more than 50.1% and less than 90% is acquired by Stockland, not all the synergies

32 After acquisition of Nature Based Resorts

33 After acquisition of Lensworth.

would be achieved. For example, the savings of $3 million in listing fees and other costs would not be achieved as GPT would remain a separately listed entity. However, Stockland would assume the role of responsible entity of GPT and property manager of GPT wholly-owned properties. This will result in additional revenue to Stockland at no additional cost to GPT.

The following table sets out the composition of the forecast distribution for the year ending 30 June 2005 and illustrates the impact on distributions of several factors[34]:

Contribution to Distributions per Equivalent GPT Unit	
Component	**Contribution to Distributions (cents)**
GPT stand alone distributions	22.5
Cost savings	0.9
Impact of favourable acquisition terms	0.6
Net interest savings and other	0.1
Total distribution per equivalent GPT unit	**24.1**

GPT unitholders would receive distributions from Stockland consisting of some combination of franked dividends, tax deferred distributions and taxable distributions. The majority of the distributions will be either tax deferred distributions or taxable distributions (more than 85% based on pro forma figures for the year ending 30 June 2005) rather than dividends. The post tax position of individual unitholders will vary depending on their marginal tax rate and their ability to utilise franking credits and the tax deferred component of any distribution. However, it is likely that the proportion of income that is tax deferred will decrease (although pro forma income is 7% higher).

Distributions are paid half-yearly in accordance with Stockland's current distribution policy. Stockland would target a pay out of 100% of trust earnings and 90% of corporate earnings before amortisation of goodwill. This policy provides the Stockland with the ability to smooth distributions by reducing the impact from its more volatile active corporate businesses.

The Stockland acquisition would result in a reduction in attributable net tangible asset backing from $2.74 to $2.50 per GPT unit. This reduction reflects both the premium to NTA offered by Stockland and that, while GPT was trading relatively close to NTA prior to the announcement of the initial Lend Lease Proposal, Stockland trades at a much larger premium to NTA. The absolute reduction will be greater to the extent GPT's net assets increase as a result of its proposed revaluation of certain assets as at 30 September 2004.

Gearing for Stockland post the acquisition of GPT will be higher than GPT's current gearing[35]. The gearing of Stockland is expected to be around 31.2% (after allowing for the acquisition of Lensworth) compared to GPT's current gearing level of 29.5% (after allowing for the acquisition of the Nature-Based Resorts) on a pro forma basis as at 30 June 2004. This is not considered to be a significant issue for GPT unitholders and is within Stockland's targeted range of 25-35%.

6.4 Assessment of the Stockland Offer

Based on a value for the Stockland Offer of $3.50-3.59, the offer provides:

- a premium to the estimated trading price of GPT units based only on fundamentals and in the absence of a takeover offer of 8-12%;
- a premium to net tangible asset backing (as shown in the latest audited GPT accounts) of 28-31% although this premium may be more modest after the impact of GPT's proposed revaluation of certain assets; and

[34] Analysis is illustrative only and may not be theoretically correct.

[35] Gearing for this purpose defined as total borrowings to total assets.

- an "exit yield" of 6.3-6.4%.

Premium and Exit Yield Implied by the Stockland Offer		Premium based on notional GPT exit price of $3.50	Premium based on notional GPT exit price of $3.59
Premium to pre Lend Lease Proposal market price:			
20 May 2004[36]	- $3.06	14.4%	17.3%
Month prior to 20 May 2004	- $3.02	15.9%	18.9%
Three months prior to 20 May 2004	- $3.03	15.5%	18.5%
Premium to adjusted market price:			
20 May 2004 closing price with market yield reduction of 0.2%	- $3.20	9.4%	12.2%
20 May 2004 closing price with market yield reduction of 0.3%	- $3.25	7.7%	10.5%
Discount to current volume weighted average market price:			
10 December 2004	- $3.71	-5.7%	-3.2%
Since announcement of offer to 10 December 2004	- $3.67	-4.6%	-2.2%
Premium to reported NTA at 30 June 2004 per GPT unit - $2.74		**27.7%**	**31.0%**
"Exit yield" - forecast stand alone distribution for year ending 30 June 2005		**6.4%**	**6.3%**

The premium to net assets and exit yield implied by the Stockland Offer can be compared with evidence from recent selected acquisitions of listed property trusts:

Recent Selected Transaction Evidence[37]

Date	Target	Bidder	Consideration[38] ($ millions)	Premium to Net Assets (%)	Exit Yield[39] (%)
July 2004 (pending)	Principal America Office Trust	Macquarie Office Trust	856.6	25.3%	8.8%
July 2004	Prime Retail Group	Centro Properties Group	392.6	9.3%	8.9%
Aug 2003	Australian Growth Properties Ltd	Trans Tasman Properties Ltd	256.4	(16.7%)	na
Jul 2003	AMP Industrial Trust	Macquarie Goodman Industrial Trust	449.9	22.8%	7.9%
May 2003	Principal Office Fund	Investa Property Trust	1,503.8	2.4%	6.8%
May 2003	AMP Diversified Property Trust	Stockland	1,647.9	26.1%	6.6%
May 2003	AMP Shopping Centre Trust	Westfield Trust	1,459.5	28.6%[40]	6.3%
Jul 2002	Colonial First State Property Group	Commonwealth Property Office Fund and Gandel Retail Trust	1,658.0	28.4%	7.1%
Aug 2000	Macquarie Industrial Trust	Goodman Hardie Industrial Property Trust	291.3	9.9%	9.5%
Jul 2000	BT Property Trust	BT Office Trust	500.7	(0.2%)	8.2%
Jul 2000	Paladin Commercial Trust	Commercial Investment Trust	508.1	6.3%	8.0%
May 2000	Flinders Industrial Trust	Stockland	288.6	12.1%	9.0%

Many of the recent transactions involved the issue of scrip as consideration. Where this was the case, the scrip has been valued based on the price of the bidders' securities before announcement

[36] Day before GPT units were suspended from trading ahead of the initial announcement of the Lend Lease Proposal

[37] Premia for three way mergers (eg formation of DBREEF Trust and Westfield Group) have been excluded. Calculating meaningful premia for these transactions can not be reliably done.

[38] Implied value of 100% of entity acquired.

[39] Exit yield calculated as forecast distribution per unit divided by consideration value per unit.

[40] AMP Shopping Centre Trust revalued its portfolio as at 30 June 2003 which led to an increase in NTA of 23 cents per unit. The NTA premium would have been 12.4% if based on this revised NTA.

of the offer (or revised offer). Where there was no revision to the initial offer, the price of the bidder's scrip does not incorporate any re-rating benefits and accordingly the premium shown may be lower than was in fact realised.

The table shows that a number of transactions, particularly since 2002, have been priced at significant premia to net assets. The larger transactions with values in excess of $1 billion have been at premia of between 2.4% and 28.4% but generally well above 10%. The exit yield for three of the four large transactions was 6.8% or lower.

The "offer premium" available to GPT unitholders is broadly consistent with the transaction evidence. The premium to NTA of 28-31% is at the higher end of these selected transactions, while the exit yield at 6.3-6.4% is at the lower end for the transactions shown. However:

- GPT has announced that it intends to revalue certain key assets as at 30 September 2004. This could result in an uplift in NTA, reducing the effective premium to NTA (but even if this was the case it is likely that there would still be a meaningful premium); and

- an exit yield at the low end would in any event be appropriate for GPT given its high quality portfolio and the low yield (relative to other trusts) at which it has generally traded.

Nevertheless, it is difficult to conclude that the Stockland Offer is "fair" given the value of $3.72 per GPT unit attributed to the Lend Lease Proposal which was rejected by GPT unitholders (albeit with a majority of unitholders voting to accept it). Indeed, based on current market prices for Lend Lease of $12.80-12.90, the "see through" value of the Lend Lease Proposal may have been even higher. The Stockland Offer is demonstrably inferior in value terms to the Lend Lease Proposal.

The Lend Lease Proposal is no longer "on the table" and is therefore not currently available to GPT unitholders. However, it demonstrates the value that is potentially achievable. In comparing the value of the Stockland Offer to the value of the Lend Lease Proposal, it is important to recognise the following:

- the value of $3.72 attributed to the Lend Lease Proposal reflected the one month volume weighted average price of GPT units to 5 November 2004. The high level of trading in GPT units, the detailed information in the market on the Lend Lease Proposal, the high expectation of the transaction occurring (at that stage) and the level of consistency between the Lend Lease share price and GPT unit price provided prima facie evidence that GPT's price reflected the market's expectations of where the merged Lend Lease/GPT group would trade. To the extent there was any "option value" in the GPT unit price during this time (i.e. expectations of a higher offer) Grant Samuel believes it was minimal. The Lend Lease Proposal was the result of extensive negotiations over a long period. There was limited scope for a higher offer for GPT by any party. This is supported by the evidence of the subsequent offer by Stockland actually being at a lower value;

- the current Lend Lease price may be affected by speculation. There has been considerable press commentary that potential bidders for Lend Lease are examining the options available to them. This may have contributed to the rise in the Lend Lease share price from around the level just prior to the announcement of the Stockland Offer of $11.70. At the same time, Lend Lease has been putting considerable effort into explaining its business and strategy to institutional investors and analysts and there may be an increasing level of confidence in the prospects for the underlying business operations;

- the Lend Lease Proposal is no longer "on the table" and the current Lend Lease price may no longer reflect the impact of that proposal. Arguably that proposal involved considerable value transfer to GPT, the impact of which may not be reflected in the Lend Lease price today; and

- the value of the Lend Lease Proposal would have reflected the benefits and synergies available to Lend Lease which in part may be unique to Lend Lease. GPT is the largest construction client of Lend Lease's Bovis business. Equally, Stockland has also forecast substantial levels of synergies and cost savings.

There are some grounds on which the Stockland Offer could be argued to be reasonable. The value of $3.50-3.59 per GPT unit is greater than the level of $3.05 at which GPT units were trading prior to 24 May 2004 when the initial Lend Lease Proposal was announced. More relevantly, it exceeds the prices at which GPT units are likely to trade today based only on fundamentals (i.e. in the absence of any proposed takeover or merger) even having regard to the uplift in property trust values (decline in yields) since May 2004. Grant Samuel has estimated this to be in the range of $3.20-3.25. GPT units were trading at a yield of 7.2% prior to the announcement of the initial Lend Lease Proposal based on the then forecast distribution for the year ending 30 June 2005[41]. Since May 2004 yields in the listed property trust sector have fallen across the board, with yields for larger trusts falling by between 0.1% and 0.9% (depending on the entity):

Movement in Yields for Selected Comparable Listed Property Groups

Stapled Security/Trust	Distribution Yield (%) Forecast 2005 Distribution		Movement (%)
	Pre-Lend Lease Proposal (20 May 2004)	Current (10 Dec 2004)	
Westfield Group	7.0%	6.6%	-0.4%
Stockland	6.9%	6.5%	-0.4%
Mirvac Group[42]	7.6%	7.5%	-0.1%
Centro Properties Group	7.4%	6.5%	-0.9%
Multiplex Group[42]	7.7%	7.1%	-0.6%
CFS Gandel Retail Trust	7.1%	6.2%	-0.9%
Simple average	***7.3%***	***6.7%***	***-0.6%***
Weighted average	***7.1%***	***6.6%***	***-0.5%***

Source: IRESS, Trust Announcements, Brokers' reports

A firming of, say, 0.2-0.3% in GPT's standalone yield would result in GPT trading at a yield of 6.9-7.0%. Based on a forecast distribution of 22.5 cents for 2005, a yield of 6.9-7.0% implies market prices of $3.20-3.25 (an increase of approximately 5-7% over the pre announcement price of $3.05).

This range is arguably a reasonable estimate of the prices at which GPT units would trade in the absence of any takeover proposal. However, the range may be conservative. By way of comparison, Stockland's price increased by approximately 15% in the period from May to just prior to the announcement of the Stockland Offer.

The value of the Stockland Offer is also well is excess of GPT net tangible asset value of $2.74 as at 30 June 2004 and is still likely to represent a meaningful premium even after the potential revaluation as at 30 September 2004.

However, Stockland does not have a controlling interest in GPT and the GPT register remains open. Further, the Stockland Offer is at a premium to where GPT units would trade today in the absence of any takeover activity of only 8-12% (and possibly less). There are no apparent reasons why GPT unitholders should accept a low premium. The level of interest by various parties underlines its strategic value. GPT represents a very rare opportunity to acquire a lage portfolio of high quality assets. Certainly, it would be unwise to assume that, at this stage, no better alternative will come forward.

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41 Brokers' forecast 2005 distribution for GPT in May 2004 was approximately 21.9 cents per unit.

42 Currently involved in a corporate transaction. Security prices immediately prior to announcement of the respective transactions have been used.

In this context, GPT has considered a number of alternatives in the course of assessing the Lend Lease Proposal and continues to consider alternatives following the lapse of the Lend Lease Proposal. These include:

- the internalisation of management;
- an acquisition of certain businesses and assets together with an internalisation; and
- a transaction with another property business or consortium of businesses.

The internalisation of management is an option that is always available to GPT. GPT could either acquire GPT Management from Lend Lease or GPT unitholders could vote to remove GPT Management as responsible entity and internalise management (without compensation to Lend Lease). This would eliminate fee leakage and align the interests of management and unitholders.

While the acquisition of GPT Management in isolation is unlikely to be attractive to Lend Lease, it may be attractive in the context of a Stockland Offer which if successful may involve the loss of GPT management without any compensation to Lend Lease. The Stockland Offer may also raise practical difficulties for Lend Lease given that all GPT Management staff are effectively employed by Lend Lease.

An alternative transaction to the Stockland Offer cannot be ruled out. There is potential for a transaction emerging with one or more large scale property businesses or even an alternative proposal from Lend Lease:

- GPT has been "in-play" since May 2004. The Lend Lease Proposal was on foot until it was voted down on 17 November 2004 and Stockland announced its offer on 5 November 2004;
- Lend Lease will inevitably continue to have a vital interest in GPT's future and it is conceivable that Lend Lease could come back with a revised or quite different proposal;
- Westfield Group has emerged as a substantial unitholder in GPT with 6.5% of units on issue. It has not indicated its intentions regarding GPT although it is reported to have voted against the Lend Lease Proposal; and
- GPT's properties are high quality and the portfolio is unique. It would undeniably be attractive to other property groups.

There is also potential for Stockland to increase its offer it if is not successful. The Stockland Offer is scheduled to close on 14 January 2005. Acceptance of the Stockland Offer would close out the opportunity for alternative proposals to come forward.

On the other hand, there has been a long period for alternative proposals to be put to GPT since the initial announcement of the Lend Lease Proposal. The Stockland Offer has been the only one to emerge (other than the Lend Lease Proposal). The prospects of an alternative transaction are limited by the size of GPT. Westfield Group on its own would have difficulties in acquiring all of GPT due to potential competition issues regarding GPT's shopping centre assets and would most likely need to divest a number of assets. Most transactions would likely require a large component of scrip funding thereby reducing the potential to increase distributions per unit through the use of leverage. In addition, the pricing of GPT units means that the terms of any transaction are likely to be dilutive for most parties.

Nevertheless, Grant Samuel's conclusion is that there are no compelling reasons to accept the Stockland Offer in its present form at the present time. By not accepting the Stockland Offer, GPT unitholders will leave GPT in play and possibly encourage Stockland to lift its offer. There is no imperative to act quickly. In Grant Samuel's opinion, unitholders should wait to see what other proposals emerge.

Unitholders that wish to realise their investment should consider selling on market, at least while the unit price remains above the value implied by the Stockland Offer.

6.5 Contribution Analysis

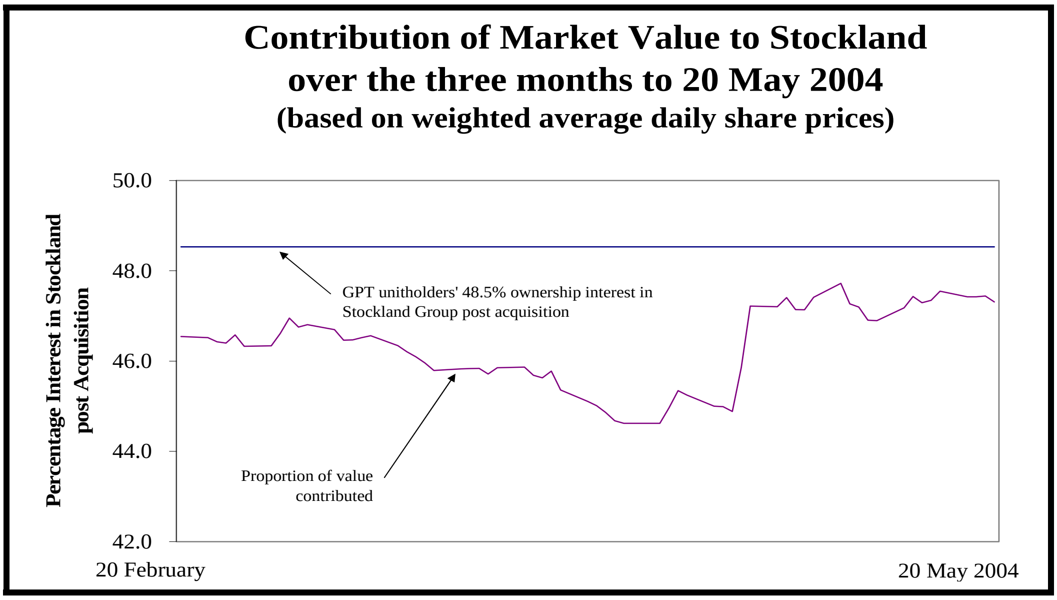
The Stockland Offer can be assessed on an alternative basis by comparing the proportion of combined group to be held by GPT unitholders with the relative contribution of market value to the combined group by GPT. GPT unitholders will in aggregate hold approximately 48.5%[43] of Stockland post the acquisition if Stockland acquires 100% of GPT units on issue.

Market values across a range of periods have been considered as the security price at a particular time may be affected by a number of one off factors. The date of 20 May 2004 has been used as the reference point for market value as this was the last trading day prior to the commencement of takeover activity in relation to GPT (being the initial announcement of the Lend Lease Proposal). The contribution of GPT unitholders based on a range of prices is summarised below:

Stockland Post Acquisition of GPT – GPT Market Value Contribution	
Percentage ownership of Stockland post acquisition	**48.5%**
Percentage GPT contribution to merged entity based on market prices	
As at close of business on 20 May 2004[44]	47.2%
Volume Weighted Average for periods up to and including 20 May 2004[44]	
1 week	47.5%
1 month	47.2%
3 months	46.4%
Simple Daily Average for periods up to and including 20 May 2004[44]	
1 week	47.5%
1 month	47.2%
3 months	46.3%
Range – daily prices over past three months	
Minimum	45.9%
Maximum	46.3%

Source: Grant Samuel analysis

The contribution of GPT unitholders based on the weighted average daily market prices over the three months prior to the initial announcement of the Lend Lease Proposal is illustrated in the following graph:



Source: IRESS

43 Based on pro forma stapled securities on issue for Stockland as shown in the Bidder's Statement. The percentage would be 48.6% based on the current number of Stockland securities on issue.

44 Excludes the acquisition by Lend Lease of 17.3 million units in GPT after the close of trading on 20 May 2004.

Based on the prices of Stockland securities and GPT units in the three months prior to the initial announcement of the Lend Lease Proposal, the 48.5% share of Stockland post acquisition of GPT to be held by GPT unitholders is favourable compared to GPT's contribution in terms of market value.

GPT's contribution based on market values would be more favourable if assessed on market prices up to the announcement of the Stockland Offer. This is because of the strong upward movement in Stockland's trading price since May 2004.

However, Grant Samuel does not consider this analysis to be particularly meaningful because:

- the Stockland Offer is not a merger as such; and
- the price analysis is now six months out of date and more recent data is distorted by the subsequent events.

Accordingly, little weight has been placed on it.

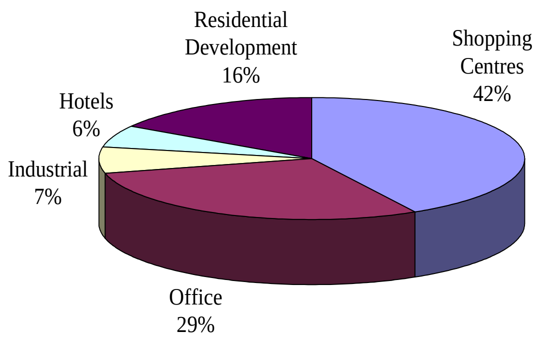
6.6 Other Issues for GPT Unitholders

6.6.1 Nature of Investment in Stockland

The investment characteristics and risk/return profile of the investment held by GPT unitholders will change. Approximately 70% of Stockland's EBIT are from passive property ownership with the balance from its residential development business. The development business is a higher return/higher risk business than property investment.

Development income is initially forecast to represent only 16% of the enlarged group's earnings but is likely to increase following Stockland's acquisition of Lensworth to around 20%.

Stockland Post Acquisition of GPT – Pro Forma 2005 Forecast Earnings[45]



Source: Bidder's Statement

Stockland's initial target post the acquisition of GPT is to increase development income to between 25% and 30% of total earnings before interest and tax within three years. Stockland has a strong position in a fragmented market and has demonstrated its ability to profitably grow the development business. However:

- with 20-30% of earnings from development, GPT unitholders would have a significant exposure to non investment income. While the change in the overall risk/return

[45] Pro forma earnings before interest and tax for the year ending 30 June 2005.

profile is not as dramatic as it was with the Lend Lease Proposal, Lend Lease's activities were relatively diversified. In contrast, Stockland's non investment activities are almost entirely concentrated in residential activity in Australia. This concentration may be of concern to some GPT unitholders;

- the business faces a challenging market environment going forward;
- Stockland employs a higher risk/higher return business model than Lend Lease's comparable Delfin Lend Lease business. Stockland's ownership of the "land bank" provides higher margins in a rising market but can put pressure on profitability when land prices weaken; and
- within the development business, Stockland has a significant exposure to one particular project which further concentrates risk.

The changes to the risk/return profile may not appeal to unitholders who have invested in GPT primarily for its high quality, diversified property portfolio and the consistent income that it provides. On the other hand, trends in the listed property trust market suggest that investors are increasingly attracted to income streams that are higher growth (and higher risk) than income streams from pure passive property investments.

GPT unitholders would acquire an exposure to Stockland's property portfolio which is of lower quality than GPT's. One indicator of quality is the capitalisation rate applied by property valuers. Stockland's property assets have an average capitalisation rate of 8.2% compared to 7.7% for GPT's property assets. In this respect, GPT unitholders would be diluting the overall quality of their portfolio.

6.6.2 Internalisation

The Stockland Offer will result in the effective "internalisation" of the management of GPT. If the Stockland Offer is successful, GPT unitholders will become security holders in Stockland and GPT Management will be replaced as manager of GPT by STML, the manager of Stockland.

GPT is one of the last remaining property trusts of significant scale that has an external management model. This model has until recent years been the accepted model for listed property trusts in Australia. The model was perceived to provide unitholders with a number of benefits including:

- access to expertise beyond real estate asset and property management services (eg debt and equity capital markets expertise);
- access to acquisition pipelines (eg property developers delivering investment properties to the trust); and
- economies of scale where an entity provided management services to more than one property investment vehicle (and therefore management fees charged to property owners could be lower).

However, the external management model has become increasingly unpopular with investors. A wave of consolidation and restructuring proposals over the last two years has resulted in a fundamental change in the listed property trust sector. The internal management model has now become the clearly preferred structure. This shift reflects the potential advantages that an internal management structure has over the external model in that it:

- removes the potential for conflicts of interest, the main one being that the manager has a primary interest in achieving asset growth even at the expense of returns; and

- effectively provides control over assets and strategy to the unitholders of the listed trust rather than allowing a third party responsible entity (potentially with little or no economic interest in the trust itself) to control decision making (albeit that unitholders retain the legal power to remove that responsible entity); and

- eliminates the leakage of value from the trust represented by the external management fee (albeit that compensation is usually paid in the internalisation process).

The Stockland Offer provides these advantages of an internalised model to GPT unitholders (as was the case with the Lend Lease Proposal). However, in the current environment, a change in the nature of GPT's management structure is perhaps inevitable. In fact, GPT has considered as alternatives to the Stockland Offer (and the Lend Lease Proposal) an internalisation of management.

6.6.3 Half Yearly Distribution

If the Stockland Offer is successful, GPT unitholders will receive distributions less frequently than they currently do. GPT distributes its income on a quarterly basis where as Stockland distributes its income on a half yearly basis. This may be unattractive to some unitholders.

Moreover, Stockland will effectively hold cash earmarked for distributions for longer periods of time. Holding cash for a longer period of time will result in a lower interest charge for Stockland (estimated at $3.4 million per annum by Stockland in its Bidders' Statement) and higher distributions for security holders. However, GPT unitholders, who effectively fund Stockland's higher cash balances, will only share in this benefit to the extent of their collective 48.5% interest in Stockland.

6.7 Acquisition of less than 100% of GPT

The Stockland Offer is conditional on 50.1% acceptance of GPT units on issue. It is possible that Stockland will achieve more than 50.1% but less than the 90% required to achieve 100% by way of compulsory acquisition. This would not be an attractive outcome for Stockland and could have an adverse impact on the price of Stockland securities:

- the failure of Stockland to achieve 100% control of GPT in itself could impact its market rating. The partially owned structure would be unattractive to the market; and

- Stockland would not achieve all of the identified cost savings of $40 million per annum. However, Stockland will seek to assume the role of responsible entity of GPT and property manager of GPT wholly-owned properties. In this case, Stockland would charge the same fees as currently charged by GPT Management (i.e. with no additional cost to GPT). Stockland would earn additional income from these activities contributing to earnings and distributions. The pro forma forecasts for Stockland post the acquisition of GPT based on 50.1% acceptance indicates an increase in earnings and distributions of 9.7% and 7.5% respectively.

An outcome with Stockland holding between 50.1% and 90% of GPT would also have an adverse impact on the GPT unit price:

- in the absence of takeover activity GPT units would trade at prices significantly lower than currently (i.e. based on fundamentals);

- GPT unitholders that do not accept the Stockland Offer will be unitholders in an entity with a reduced free float and significantly less liquidity;

- unitholders would lose control of GPT and its future direction;

- any cost savings achieved by Stockland would not benefit unitholders in GPT; and

- the growth prospects for GPT may be significantly reduced. Stockland may not have the same incentive as a 100% owner to grow and develop the assets of GPT.

Nevertheless it is unlikely that Stockland ownership of GPT of between 50.1% and 90% would continue indefinitely. It is probable that Stockland would eventually move to acquire the minorities in GPT. This might even be at a higher price than the Stockland Offer but the timing of any mop up offer would be at Stockland's choosing.

6.8 Taxation Consequences

The acquisition of GPT by Stockland has taxation consequences for GPT unitholders. The taxation consequences are set out in full in Section 9 of Stockland's Bidder's Statement, which contains tax advice from Mallesons Stephen Jaques in relation to the Australian taxation consequences of Stockland's acquisition of GPT for GPT unitholders.

There are several tax consequences arising from the Stockland Offer which could be disadvantageous to some GPT unitholders. The taxation consequences for resident GPT unitholders is summarised as follows:

- acceptance of the Stockland Offer will involve the disposal of GPT units by accepting GPT unitholders and each unit and share making up a Stockland stapled security is regarded as a separate asset for capital gains tax purposes;

- pre-CGT unitholders are not subject to any capital gains on disposal of their GPT units. However, pre-CGT unitholders will effectively lose their pre-CGT treatment with any subsequent sale of Stockland stapled securities fully subject to CGT (on the gain post acceptance of the offer). The tax advice in the Bidder's Statement indicates that the cost base allocated to the underlying Stockland shares and units should be in the proportion of 92% to the underlying units and 8% to the underlying shares, which reflects the net tangible assets of Stockland at 30 June 2004. The cost base of the underlying Stockland units and shares is to be determined as follows:

  - the CGT cost base for the underlying Stockland units acquired will depend on whether partial scrip-for-scrip rollover relief is available (which will only be the case if Stockland acquires 80% or more of GPT units on issue). If partial scrip-for-scrip rollover relief is available, the cost base will be equal to 92% of the market value of the Stockland securities at the time of acceptance. Otherwise the cost base will be equal to 92% of the market value of the GPT units provided for the Stockland units acquired;

  - the CGT cost base for the underlying Stockland shares acquired will be equal to 8% of the market value of the GPT units at the time of acceptance;

- post-CGT unitholders are taxable on any capital gains on disposal of their GPT units in exchange for the underlying units forming Stockland's stapled securities subject to the application of partial scrip-for-scrip rollover relief. If Stockland acquires 80% or more of GPT units on issue, rollover relief should apply and any capital gains are effectively deferred until subsequent sale of Stockland securities. The cost base of the underlying Stockland units received will reflect the rollover with 92% of the cost base of the original GPT units rolled over.

  If rollover relief applies, a GPT unitholder will be deemed to have acquired the Stockland unit at the time the original GPT unit was acquired. CGT will only be payable upon ultimate disposal of the stapled securities in Stockland. Individuals who do not dispose of their interest in Stockland within 12 months of the time the Stockland unit was deemed to be acquired, will be eligible for the 50% CGT discount (currently a maximum of 24.25% including the Medicare levy). If rollover relief does not apply, post-CGT GPT unitholders will be subject to CGT in respect of the underlying Stockland units they receive. The CGT cost base for the underlying Stockland units received will be equal to 92% of the market value of the GPT units provided for the Stockland units acquired.

The key issues for unitholders are therefore:

- the Stockland Offer is conditional only on a 50.1% acceptance level. There is a not insignificant risk that Stockland could achieve 50.1% but fail to achieve 80% acceptances. In this case there would be no rollover relief available for any GPT unitholder; and
- even if roll over relief applies, it will apply only to 92% of the gain;

- post-CGT unitholders are taxable on any capital gains on disposal of their GPT units in exchange for the underlying shares forming Stockland's stapled securities. There is no scrip-for-scrip rollover relief in respect of the underlying Stockland shares. The value of the Stockland shares received will be equal to 8% of the market value of Stockland stapled securities at the time of acceptance. The applicable cost base for determining the capital gain should be 8% of the cost base of the original GPT units. The cost base for the underlying Stockland shares acquired will be equal to 8% of the market value of the GPT units provided for the Stockland shares acquired;
- a portion of distributions to investors will be in the form of dividends which are expected to be fully franked. There may be unitholders in GPT who are unable to effectively utilise any franking credits attached to the dividends (e.g. offshore investors). However, the absolute level of cash distributions is forecast to be higher for GPT unitholders under the Stockland Offer.

Unitholders should refer to the taxation advice in Section 9 of the Bidder's Statement issued by Stockland for greater detail on the taxation consequences of the Stockland Offer. GPT unitholders should, in any event, consult with their personal taxation adviser as the tax consequences of the Stockland Offer may be complex.

It is possible that if Stockland gains control of GPT, Stockland Trust would be taxed as a trading trust at least for the year in which GPT is acquired. This is due to the ownership structure of GPT's Voyages business. In this case, distributions from Stockland Trust would be effectively treated as dividends which would be less than what Stockland Trust would otherwise pay because it would pay company tax. There would, however, be associated franking credits. This issue will need to be addressed by Stockland. It may require a restructuring of GPT's ownership of its Voyages business or specific relief from the Australian Taxation Office.

7 Qualifications, Declarations and Consents

7.1 Qualifications

The Grant Samuel group of companies provides corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally), property advisory services and manages property development funds. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 320 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Ross Grant BSc (Hons) MCom (Hons) MBA, Atagün Bensan BSc (Hons) LLB and Dan Gerber BCom LLB ASIA. Each has a significant number of years of experience in relevant corporate advisory matters. Stephen Wilson MCom (Hons) CA (NZ) FSIA, Caleena Stilwell BBus CA ASIA, Stewart Hindmarsh BEc LLB (Hons) MBus (Fin) and Ashley Miles BCom BEng (Hons) assisted in the preparation of the report. Each of the above persons is an authorised representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion in relation to the Stockland Offer. Grant Samuel expressly disclaims any liability to any GPT unitholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Target's Statement issued by GPT Management and has not verified or approved any of the contents of the Target's Statement. Grant Samuel does not accept any responsibility for the contents of the Target's Statement (except for this report).

7.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GPT, GPT Management (and associated entities including Lend Lease) or Stockland that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Stockland Offer. Grant Samuel advises that in the previous five years Grant Samuel has undertaken the following roles under mandates from GPT Management (and associated entities including Lend Lease) and Stockland (and associated entities):

- in November 2004, Grant Samuel provided independent advice to GPT Management as to whether the Stockland Offer was superior to the Lend Lease Proposal;
- in October 2004, Grant Samuel prepared an independent expert's report in relation to the proposal to merge GPT with Lend Lease to form the Lend Lease Group;
- in 2003, Grant Samuel commenced preparation for an independent advice to GPT in connection with a proposed acquisition with Lend Lease of the ComLand business. The transaction in the form proposed did not proceed and the assignment was not completed;
- Grant Samuel prepared an independent expert's report dated 23 October 2003 on the merits of Morgan Stanley or Principal Real Estate Investors (Australia) Limited, acting as

responsible entity and manager of the Lend Lease US Office Trust;

- in 1999, Grant Samuel prepared an indicative valuation of Lend Lease Capital Services' 70% interest in the Port of Geelong Unit Trust as at 30 June 1999;
- in February 1999, Grant Samuel managed the sale of Lend Lease Employer Systems by tender;
- Grant Samuel Property Pty Limited, a related entity of Grant Samuel, provides services to existing or potential property tenants. From time to time these services may relate to properties owned by GPT, managed by Lend Lease or owned or managed by Stockland; and
- the Grant Samuel group of companies is a tenant of Governor Macquarie Tower, 1 Farrer Place, Sydney which is 25% owned by GPT.

In addition, one of the Grant Samuel executives involved in the preparation of this report holds a parcel of less than 1,000 shares in Lend Lease.

Grant Samuel has no involvement with, or interest in the outcome of, the Stockland Offer, other than the preparation of this report.

Grant Samuel will receive a fixed fee of $650,000 for the preparation of this report. This fee is not contingent on the outcome of the Stockland Offer. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Practice Note 42 issued by the ASIC (previously known as Australian Securities Commission) on 8 December 1993.

7.4 Declarations

GPT Management has agreed that they will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving negligence, wilful misconduct, reckless misbehaviour, fraud, breach of contract or misleading or deceptive conduct by Grant Samuel. GPT Management has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Grant Samuel shall bear the proportion of such costs caused by its action where Grant Samuel or its employees or officers are found to have been negligent or engaged in wilful misconduct, reckless misbehaviour or fraud or liable for breach of contract or misleading or deceptive conduct. Any claims by GPT Management are limited to an amount equal to three times the fee paid to Grant Samuel.

Advance drafts of this report were provided to GPT and its advisers. Certain changes were made to the drafting of the report as a result of its circulation. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to accompany the Target's Statement to be sent to unitholders of GPT. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.6 Other

The accompanying letter dated 18 December 2004 form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
18 December 2004