



GENERAL PROPERTY TRUST

General Property Trust ASX Announcement and Media Release

**GPT CONSIDERS STOCKLAND OFFER IS NOT SUPERIOR TO LEND LEASE PROPOSAL
AND CONFIRMS THAT THE GPT UNITHOLDER MEETING WILL PROCEED ON
17 NOVEMBER TO CONSIDER THE RECOMMENDED MERGER WITH LEND LEASE IN THE
ABSENCE OF A SUPERIOR PROPOSAL BEING RECEIVED PRIOR TO THIS TIME**

10 November 2004

On 6 August 2004, GPT and Lend Lease announced their intention to merge to form a single, stapled group. This proposal has been unanimously recommended by the GPT Board comprising its Independent Directors: Peter Joseph (Chairman), Malcolm Latham, Elizabeth Nosworthy and Ken Moss. For the purposes of considering the Lend Lease proposal, a notice of meeting and explanatory memorandum dated 15 October 2004 was sent to GPT unitholders convening a meeting on 17 November 2004 at 2:30pm.

This meeting is the culmination of an open and transparent process and is pursuant to a published timetable covering several months. It has been open to any party to lodge a "superior" offer during that time. That is the only circumstance that would or should give rise to a postponement of the meeting.

Merger Implementation Agreement with Lend Lease

Under the Merger Implementation Agreement entered into between GPT and Lend Lease, the GPT Independent Directors are not permitted to change their existing unanimous recommendation in favour of the Lend Lease proposal unless a proposal emerges which the GPT Independent Directors consider superior to the Lend Lease proposal¹. GPT is also required under the agreement to complete the transaction steps in accordance with the agreed timetable, including holding the meeting of GPT unitholders by 17 November 2004². GPT is entitled to terminate the agreement if a competing proposal emerges which the Independent Directors consider is superior.

Takeover Offer from Stockland

At a time of their choosing, namely 8 November 2004, Stockland Property Group (Stockland) announced an intention to make a takeover bid for all of the units in GPT. **In the context of the Lend Lease proposal and the obligations of GPTML to Lend Lease under the Merger Implementation Agreement, the key issue for GPT Independent Directors is to consider whether the Stockland proposal is superior to the Lend Lease proposal.**

Stockland released an announcement and presentation to the ASX on 8 November 2004. GPT has relied on this information in assessing Stockland's offer. GPT notes that Stockland does not expect to release its Bidder's Statement until after the GPT unitholders' meeting.

GPTML has engaged independent expert Grant Samuel & Associates to provide an opinion on whether the Stockland proposal is superior to the Lend Lease proposal.

¹ Refer to clause 4.5(b) of the Merger Implementation Agreement on page 270 of the GPT explanatory memorandum.

² Refer to clause 4.2 of the Merger Implementation Agreement on page 269 of the GPT explanatory memorandum.

Based on an assessment of the information released by Stockland on 8 November 2004, GPT's existing knowledge of Stockland and its assets, and having received advice from GPT's advisers and an opinion from independent expert Grant Samuel, the GPT Independent Directors have concluded that the Stockland proposal is not superior to the Lend Lease proposal. A copy of the Grant Samuel opinion is attached.

Financial Assessment

The GPT Independent Directors have compared the value of the respective proposals from Lend Lease and Stockland and make the following observations (which need to be read in conjunction with the opinion received from Grant Samuel):

- The Stockland offer has an implied value per GPT unit of \$3.57 (adjusted for accrued distribution entitlements) using the close price on 9 November 2004 (being the first day of trading post announcement of the offer) as a guide to the value of Stockland's scrip consideration.
- Using the market price for GPT as a proxy, the value of the Lend Lease proposal was \$3.72 based on the GPT 1 month VWAP prior to announcement of the Stockland offer.

We also make the following observations concerning the key financial parameters of the Stockland offer and Lend Lease proposal:

- The Lend Lease proposal provides GPT unitholders with a pro forma FY05 distribution of 26.4 cents per unit representing a 17% increase on GPT standalone for the same period, compared with a smaller 7% increase to a pro forma FY05 distribution of 24.1 cents per unit under the Stockland offer.
- The pro forma gearing of the merged group at 30 June 2004 is broadly comparable being 31.6% and 27% respectively under the Lend Lease proposal and Stockland offer. Both of these are under the prevailing LPT sector average.
- The NTA per GPT unit of \$2.50 is higher under the Stockland offer than the \$2.12 per GPT unit under the Lend Lease proposal.

Grant Samuel's opinion (attached) supports the conclusion of the Independent Directors that the Stockland proposal is not superior to the Lend Lease proposal.

Non-Financial Considerations

The GPT Independent Directors acknowledge the considerable differences between the merged GPT/Lend Lease group and under a merger of GPT and Stockland.

The merged GPT/Lend Lease would:

- be a diversified property group which derives 71% of EBIA from GPT's existing high quality portfolio combined with significant investment assets in the UK and US;
- derive 29% of EBIA from active property businesses including: residential development and masterplanned communities in Australia and the UK; an established wholesale funds management business in Australia, Asia and the UK; a broad based construction business focussed on the UK, Australian and US markets; and
- feature approximately 25% of earnings sourced offshore with an established platform for growth. In this regard we note that Lend Lease's stated policy is to substantially hedge current year foreign earnings; and we note recent comments made concerning Bovis' risk profile, and that Bovis' lump sum construction business is forecast to contribute 8% of merged group EBIA in FY05.

The merged GPT/Stockland would:

- be a diversified property group with approximately 16% of EBIT from active property businesses principally residential development plus a modest contribution from the newly established wholesale funds management business;
- derive 84% of EBIT from its investment portfolio which will be of somewhat lower quality when compared with the existing GPT portfolio; and
- be domestically focussed with a marginal contribution from investment assets in New Zealand.

GPT believes that such non-financial considerations should already be reflected in the market prices.

In addition, investors have raised and the GPT Independent Directors' have given consideration to the following:

- risk around integration of the GPT portfolio, including adequate staffing to manage the GPT portfolio;
- the relative skills and capabilities of the two groups, particularly as relates to regional shopping centres;
- the size and complexity of GPT's redevelopment pipeline;
- the balance of cash and scrip in the respective offers; and
- availability of choice to GPT unitholders.

The Lend Lease proposal and Stockland offer present different futures for GPT unitholders with attendant opportunities and risks. In summary, the Lend Lease proposal offers higher growth and higher risk but with greater diversity in the sources of earnings. The Stockland proposal appears to offer lower growth, has a different risk profile and less diversity in earnings. The key factor is therefore to assess the risk-adjusted total return to GPT unitholders under the two alternatives.

In the absence of a formal forecast from Lend Lease or Stockland beyond 30 June 2005 it is difficult to be definitive about their respective growth and total return expectations. However based on our previous assessment of Lend Lease's proposal and publicly available information, we believe the Lend Lease profile has higher growth potential albeit with greater risk than under the Stockland offer.

We cannot express an objective opinion that the Stockland proposal is superior with respect to the non-financial considerations, as this is a matter of personal preferences for GPT unitholders. In this regard we also note that the Lend Lease proposal contains a number of options for unitholders to accommodate their individual circumstances and their appetite for risk, including the option to cash out.

Conclusion

Taking into account the factors above, as well as the fact that the market prices should reflect investors' assessment of many of the non-financial factors, and considering the relative offer value of the Lend Lease and Stockland proposals, the GPT Independent Directors have concluded that the Stockland offer is not superior to the existing Lend Lease proposal.

Unitholder Meeting to Proceed

GPT confirms that the meeting of unitholders will take place on Wednesday, 17 November 2004 at 2:30pm at Wesley Conference Centre, 220 Pitt Street, Sydney to consider and if thought fit pass the resolutions to give effect to the Lend Lease proposal. GPT's Independent Directors unanimously recommend that unitholders vote in favour of the Lend Lease proposal in the absence of a superior proposal.

Corporate Governance

In light of the connections between GPTML and Lend Lease, GPTML has taken steps to ensure the independence and integrity of the processes by which the Independent Directors of GPTML evaluate and make recommendations to GPT unitholders in relation to both the Stockland and Lend Lease merger proposals. This has included the appointment of Blake Dawson Waldron as a governance adviser and the adoption of a Governance Protocol.

On the basis of Blake Dawson Waldron's observations and from the information provided to Blake Dawson Waldron, they have confirmed they are satisfied that the Independent Directors and their advisers have undertaken an appropriate evaluation of the competing proposals and that the Governance Protocol has been complied with.

ENDS

Enquiries

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The GPT Notice of Meeting and Explanatory Memorandum is also a prospectus for Lend Lease Corporation Limited shares. It was lodged with the Australian Securities and Investments Commission on 15 October 2004. The offers of the Lend Lease shares will be made in the prospectus. Anyone wishing to acquire the shares must be a member of General Property Trust (ARSN 090 110 357) on the record date specified in the prospectus.

GPTML as the responsible entity of the General Property Trust is the issuer of GPT units. The Lend Lease Notice of Meeting and Explanatory Memorandum is also a product disclosure statement for GPT units. It was distributed to the holders of Lend Lease shares on 18 October 2004. Lend Lease shareholders should consider the product disclosure statement for the GPT units in deciding whether to acquire the GPT units

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10 November 2004

The Independent Directors
GPT Management Limited
(as responsible entity for General Property Trust)
30 The Bond
30 Hickson Road
Millers Point NSW 2000

Dear Sirs

Takeover Offer by Stockland Group

1 Introduction

On 8 November 2004, Stockland Group ("Stockland") announced a takeover offer ("the Stockland offer") for all units in General Property Trust ("GPT") of 0.608 of a Stockland stapled security for each GPT unit.

A proposal to merge GPT with Lend Lease Corporation Limited ("Lend Lease") to form the Lend Lease Group (the "Lend Lease proposal") is to be considered at a meeting of GPT unitholders to be held on Wednesday, 17 November 2004. The Merger Implementation Agreement provides that GPT Management Limited is bound to proceed with this meeting unless a superior alternative proposal is put forward.

The Independent Directors of GPT Management Limited have requested Grant Samuel & Associates Pty Limited ("Grant Samuel") to provide independent advice as to whether the Stockland offer is superior to the Lend Lease proposal. Grant Samuel had previously been engaged by the Independent Directors to prepare an independent expert's report in relation to the Lend Lease proposal. That report has been despatched to GPT unitholders.

2 Conclusion

In Grant Samuel's opinion the Stockland offer is not superior to the Lend Lease proposal.

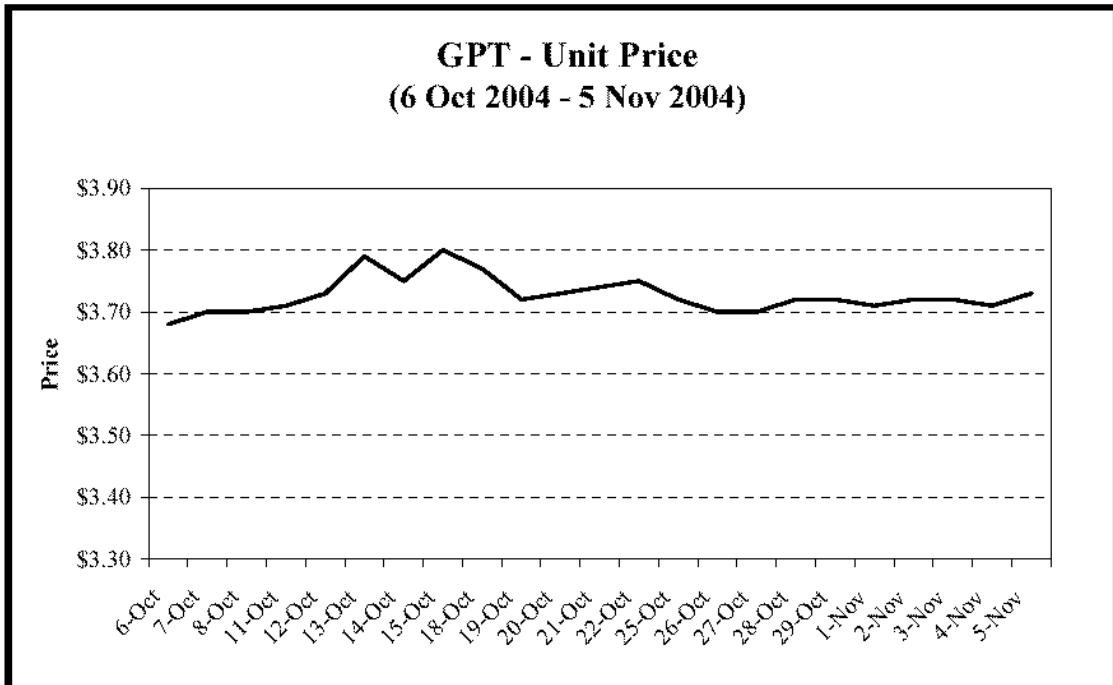
3 Comparison of Value to GPT unitholders

The value to GPT unitholders from either proposal will be determined by the prices at which securities issued to GPT unitholders trade post acquisition or post merger. In the case of the Lend Lease proposal, there is reasonably reliable market evidence of the likely price at which stapled securities in Lend Lease Group will trade.

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GPT units have traded in the range \$3.66-3.80 in the month to Friday, 5 November 2004, closing at \$3.73 with a one month volume weighted average price of \$3.72:



The trading in GPT units during this period:

- involved relatively high levels of trading activity. Average daily turnover for this one month period was 8.7 million units;
- reflected the information set out in the Explanatory Memoranda issued by Lend Lease and GPT on 15 October 2004; and
- indicated a level of consistency between the Lend Lease share price and the GPT unit price, taking into account the terms of the Lend Lease proposal. This suggests that there has been a degree of confidence in the market that the Lend Lease proposal would complete.

Accordingly, Grant Samuel believes that the share prices in this period are strong prima facie evidence of the market's expectation of the price at which securities in the merged Lend Lease/GPT group would trade following implementation. On this basis, a reasonable estimate of the value of the Lend Lease proposal is around \$3.72 per GPT unit.

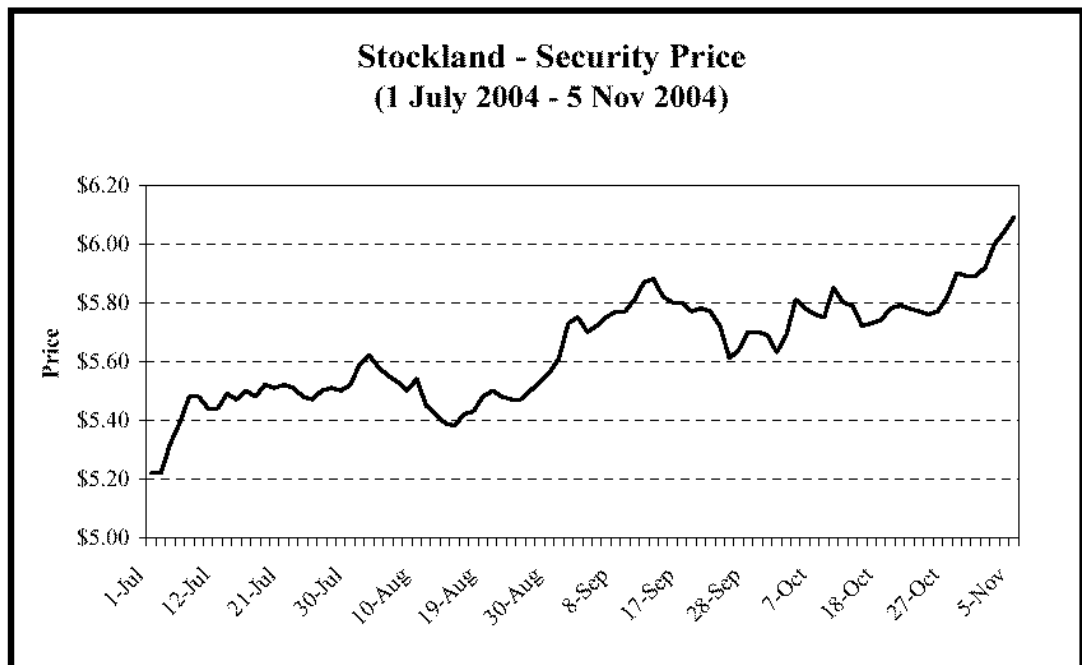
The view expressed by Grant Samuel in its independent expert's report on the Lend Lease proposal that Lend Lease stapled securities would trade at yields in the range 7.1-7.4%, corresponding to prices of \$3.55-3.67 per GPT unit, can be considered to be conservative in the light of recent trading prices for GPT units and the falling yields in the property trust sector generally. Grant Samuel's report was dated 8 October 2004. In our view, the current market price is a more reliable measure of the value of the Lend Lease proposal than our estimate made over a month ago.

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Future trading prices for Stockland stapled securities, should Stockland acquire GPT, are subject to greater uncertainty. There are three issues:

- the Stockland offer was announced after a strong upward price movement in recent months:



The Stockland price reached an all time high on Friday 5 November 2005, closing at \$6.09;

- GPT is a very large acquisition for Stockland, approximately doubling its size. The acquisition can be expected to impact on the market valuation of Stockland. The purchase of such a large portfolio of property assets at low yields raises the issue of the potential dilution of growth prospects; and
- the best market evidence of the value of the offer is the Stockland trading price post the announcement of the proposed acquisition but there has been only one day's trading in which to digest the impact of the acquisition. The Stockland security price fell back to close at \$5.96 on Tuesday, 9 November 2004. Further movement is likely as the market absorbs the implications of the proposed acquisition and evaluates its prospects of success.

The value attributed to the Stockland offer will vary in line with movements in the Stockland price and needs to reflect differences in distribution entitlements. At yesterday's closing price of \$5.96, the value of the Stockland offer is \$3.57 per GPT unit, well below the value of the Lend Lease proposal at around \$3.72. Even at a Stockland price of \$6.10, the value of the Stockland offer at \$3.66 is below \$3.72:

Value of Stockland Offer per GPT Unit		
Stockland Price	Value of Stockland Offer - Unadjusted	Value of Stockland Offer - Adjusted ¹
\$5.80	\$3.53	\$3.48
\$5.96	\$3.62	\$3.57
\$6.10	\$3.71	\$3.66

¹ 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 5 cents per GPT unit. The 5 cents reflects the Stockland distributions that the GPT unitholders will not be entitled to of approximately 13 cents per Stockland security (accrued during the period 1 July to 9 November 2004) and the GPT distributions of approximately 3 cents per unit (accrued during the period 1 October to 9 November 2004) that GPT unitholders will be entitled to. An alternative method of calculation is to ignore the accrual period and simply allow for the full distributions. On this basis the differential would be approximately 7 cents.

Accordingly, the Stockland offer is clearly not a superior proposal from a financial point of view.

4 Comparison of Financial Parameters

The financial impact of the Lend Lease proposal and of the Stockland offer for GPT unitholders is different. The table below summarises the key differences between the two proposals:

Comparative Financial Parameters		
	Lend Lease Proposal ²	Stockland Offer ³
<i>Earnings and Distributions</i>		
Earnings per GPT equivalent unit (FY05)	24.2c ⁴	24.4c
% uplift ⁵	+7.6%	+8.4%
Distributions per GPT equivalent unit (FY05)	26.4c ^{4, 6}	24.1c
% uplift ⁵	+17.3%	+7.1%
Distribution payout ratio	109%	Approx 99% ⁷
<i>Financial Position and NTA</i>		
NTA ⁸ per GPT unit	\$2.12 ⁴	\$2.50
Gearing ⁹	31.6%	27.0%

The increases in earnings per GPT equivalent unit are expected to be broadly similar under each proposal. However, distributions per GPT equivalent unit are expected to increase by a greater amount under the Lend Lease Proposal than the Stockland Offer. The 24.2 cents earnings per equivalent GPT unit under the Lend Lease proposal is stated on a post merger adjustments¹⁰ basis. Prior to merger adjustments, the earnings per equivalent GPT unit would be 26.4 cents.

The Stockland offer would result in higher net tangible assets per equivalent GPT unit and lower gearing than under the Lend Lease proposal. The differential in net tangible asset backing is largely due to the difference between Lend Lease's business and Stockland's business and the relative premiums at which they trade to NTA (which in turn reflects the different nature of the two businesses). The differential in gearing reflects the fact that under the Lend Lease proposal, GPT unitholders will receive both scrip and cash for their units.

These factors are all relevant but should already be reflected in the market prices.

5 Qualitative Factors

A merged Lend Lease/GPT will have a different business mix than a merged Stockland/GPT. The Lend Lease business is regarded as both higher risk and higher growth than the Stockland business although investment properties would provide in excess of 70% of Lend Lease/GPT proforma 2005 earnings after tax. While Stockland has some development activities, construction and development would represent a larger component of the Lend Lease/GPT business. Lend Lease/GPT would also have a greater offshore

² Data based on GPT Information Memorandum dated 15 October 2004 unless otherwise specified.

³ Based on Stockland offer announcement dated 8 November 2004 unless otherwise specified.

⁴ Assumes the special distribution and capital distribution totalling 65.6 cents are reinvested in stapled securities at a price equal to the pricing implicit in the merger (ie \$10.75 per Lend Lease share).

⁵ Uplift based on GPT standalone forecast per GPT Information Memorandum dated 15 October 2004.

⁶ Distributions per stapled security are based on a payout ratio of 100% of earnings per unit after adding back: amortisation of goodwill and intangibles; profit from development and construction that would have been earned by Lend Lease but is eliminated on consolidation; and deferred tax in relation to distributions paid to Lend Lease by GPT on the units Lend Lease subscribes for as part of the proposed Merger.

⁷ Assumes continuation of Stockland's existing payout policy of 100% of trust income and 90% of corporation earnings.

⁸ NTA = Net tangible assets

⁹ Gearing defined as total debt to total tangible assets

¹⁰ Merger adjustments comprise inter-entity eliminations of \$41 million, \$12 million of deferred tax on unstapled units and a further \$8 million adjustment to align Lend Lease and GPT accounting treatment.

component of its business. Different investors will have a range of views on these issues. Some will prefer lower risk income from passive property ownership, while others will prefer higher growth. These factors do not make one proposal better than the other. In this context:

- a focus only on risk provides an incomplete analysis of the merits of an offer. Any comparison of alternative proposals must also involve consideration of potential returns. There is an expectation that total returns from Lend Lease/GPT will be higher than those of Stockland/GPT. They are likely to trade at similar yields (in fact the Lend Lease/GPT yield is anticipated to be higher at around 7.0% compared to 6.6% for Stockland/GPT) but Lend Lease post the merger with GPT is targeting higher earnings growth of 7% (i.e. total expected return of 14%). Stockland post the acquisition of GPT is expected to have significantly lower growth. Stockland's forecast FY2005 growth of 5% combined with GPT's stand alone growth of 3.0-3.5% would give a weighted average figure of around 4% and a total expected return of around 10.6%;
- the risks of Lend Lease are well known. It is reasonable to assume that, in a well informed liquid market, Lend Lease's share price reflects the market's collective judgment on these factors (i.e. it is a risk adjusted price); and
- the change in the nature of GPT unitholders' investment that would be caused by the Lend Lease proposal has been made clear to GPT unitholders and its influence would have been incorporated in the trading price of both GPT units and Lend Lease shares.

6 Limitations

This advice has necessarily been prepared in a short time frame and it is based on public information on Stockland including the information Stockland has released on its offer. Grant Samuel has no reason to believe that the market is not fully informed about Stockland. It is publicly listed, extensively traded and subject to ASX continuous disclosure obligations. We are confident that access to non public information about Stockland would not lead us to change the opinion in this letter. Such a change would require us to form the view that Stockland had been under valued because of non-disclosure of information.

This advice is solely to assist the Independent Directors in their decision in relation to proceeding with the unitholders meeting on Wednesday, 17 November 2004. This letter should not be used for any other purpose and in particular this is not investment advice for unitholders. Any decision by unitholders in relation to the Lend Lease proposal or the Stockland offer should be based on documents prepared for that purpose having regard to their individual circumstances.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates