

GPT

GENERAL PROPERTY TRUST

General Property Trust ASX Announcement and Media Release

ADDRESS TO MEETING OF UNITHOLDERS

17 November 2004

A meeting of GPT unitholders has been convened today at Wesley Conference Centre, 220 Pitt Street, Sydney at 2:30pm. The meeting is to consider and if thought fit pass resolutions to give effect to the proposed merger with Lend Lease Corporation Limited.

Attached is a copy of the address to be delivered at the meeting by Chairman of the GPT Board as comprised by its Independent Directors, Mr Peter Joseph, and the Chief Executive Officer of GPT, Mr Nic Lyons.

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

ADDRESS

MEETING OF GPT UNITHOLDERS: 17 November 2004 at 2:30pm

- Good afternoon and welcome everyone. Thank you for taking the time to attend this meeting of GPT unitholders – without doubt the most important in its long and proud history.
 - It hasn't been easy for you to discern exactly what is going on, particularly over the past 10 days. Most of you I suspect are supportive. Some of you will be upset and some of you angry that there is not more time. We respect and understand that.
 - The hardest of all qualities demanded of people in the Independent Directors' position is wisdom. We have agonised at great length in seeking to discern what action is in the best interests of you, the GPT unitholders, whom we represent exclusively.
 - In advising you today, we have drawn on the collective wisdom and experience of your Independent Directors and our very experienced advisers.
 - We recognise that all parties whether they be Lend Lease, Stockland, or Westfield, will act exclusively in their own interests. That is their duty. They have no duty whatsoever to the interests of the GPT unitholders.
 - Quite the contrary, their clear objective is to buy GPT at the lowest possible price. They will adopt whatever strategy serves their interests best, including making low ball offers, spoiling bids or causing confusion if they think that serves their objective.
 - Our job has been to sort the wheat from the chaff. Our job has been to question, to discern, to reflect, to act with integrity and caution, and ultimately to recommend what we believe is the best outcome for GPT unitholders. Our job is to do what is right for our unitholders.
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- So with that background, as the appointed time has arrived and a quorum is present, I declare this meeting properly constituted and open. I now table the document signed by the responsible entity under the Corporations Act to appoint me to chair this meeting.

 - With me here today are GPT's other Independent Directors, Elizabeth Nosworthy, Ken Moss and Malcolm Latham. I will ask each of them to stand as I introduce them.

 - Joining us here on the stage are:
 - Nic Lyons, GPT's Chief Executive Officer;
 - Kieran Pryke, GPT's Chief Financial Officer;
 - James Coyne, GPT's Company Secretary; and
 - Ewen Crouch, from our legal advisers Allens Arthur Robinson.

This team, with our advisers, have been passionate, tireless, fearless and discerning in seeking at all times to serve your interests and, whatever the outcome today, I would like to acknowledge their contribution. They have applied principles and practice the likes of which is rarely seen.

- As the proposal before you today involves Lend Lease, only the directors of GPT who are independent of Lend Lease have been involved in its assessment.

 - Ross Taylor, Brian Norris and Richard Longes have not been part of the GPT Board's review or its recommendation. It was their election that this was the appropriate course of action. They are present here today and I welcome them, but they will not represent GPT in any of today's proceedings.
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- The purpose of this meeting is to vote on certain resolutions to approve the merger proposal with Lend Lease.

 - You should have all received a notice of meeting and explanatory memorandum in the mail. This describes the proposal in detail and sets out the reasons for both the Independent Directors' and the independent expert's recommendation that unitholders vote in favour of the proposal.

 - This is a very important meeting for GPT. The proposal before you is one which myself and the other Independent Directors considered at great length and in great detail in order to deliver the greatest value for GPT investors.

 - This proposal has developed over the last 6 months. The history is as follows:
 - Lend Lease first informed us of the proposal to merge on the 21st of May this year.

 - To ensure that unitholders were able to achieve the best offer available to them, the Independent Directors took responsibility for the stewardship of GPT for the purposes of this proposal. We set up principles and processes to investigate Lend Lease's businesses and to evaluate whether a merger with Lend Lease was the appropriate course for GPT to follow. The independence and integrity of the process was sacrosanct. We are the only group that has the absolute consistent position that we will do what is in the best interests of GPT unitholders.

 - Within the first hours of the Lend Lease proposal being known to us, a governance structure was put in place whereby the process would be independently monitored.

 - The structure and process were designed to ensure Lend Lease put forward its best offer for the benefit of GPT
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unitholders while leaving open the opportunity for any genuinely interested party to come forward and make a competing offer.

- After a detailed due diligence review of Lend Lease, your Independent Directors were unable to reach agreement on Lend Lease's commercial terms. This was announced to the market on the 27th of July.
 - Your Independent Directors explored alternative opportunities for GPT from the outset. This included discussions with other parties, including Stockland, which I will mention shortly. We also had further discussions with Lend Lease.
 - Following improved financial terms and agreement on an appropriate operating philosophy with Lend Lease and with no other party having put a proposal to us, we agreed and announced the current terms with Lend Lease on the 6th of August. These terms included a timetable specifying today's meeting to consider the resolutions before you.
 - Since this time, we have prepared documents, made regulatory filings and proceeded to Court to enable the explanatory memorandum to be mailed to you. I recognise that this document is voluminous and very detailed for which I apologise. It is a consequence of what is required by law under a scheme of arrangement.
 - In order to maintain the competitive environment, our agreement with Lend Lease specifically included a "trip wire" if a superior proposal was made at any time before now. In the opinion of your Independent Directors and the Independent Expert, no superior proposal has emerged that would trigger that trip wire.
 - Your Independent Directors believe the merger with Lend Lease is in your best interests as unitholders and should be implemented.
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- In this process we were assisted by a number of advisors and GPT's management team:
 - our financial advisers – Macquarie Bank;
 - our accountants – PricewaterhouseCoopers;
 - our specialist governance advisers - Blake Dawson Waldron, and
 - our legal advisers – Allens Arthur Robinson.

These advisers were exclusive to GPT.

- Grant Samuel was appointed Independent Expert and their report and favourable recommendation is enclosed in the Explanatory Memorandum sent to unitholders.
 - We were very conscious to put in place corporate governance protections to ensure that the evaluation of the Lend Lease proposal was undertaken independently of Lend Lease and in an open and transparent manner.
 - The specific governance protections included:
 - (1) Firstly, as I mentioned, those directors on the GPT Board who are not independent of Lend Lease, being Richard Longes, Ross Taylor and Brian Norris, declared their interest from the outset, and have not participated in any part of the Directors' consideration of the proposal or the review of the options available to GPT. As you will have seen from the explanatory statement sent to you, those directors have not made any recommendation in relation to the proposal.
 - (2) Secondly, Blake Dawson Waldron as governance adviser have confirmed that they are satisfied that your Independent Directors and their advisers have undertaken an appropriate and rigorous evaluation of the proposal and confirmed compliance with the
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governance protocol. I will later call upon Elizabeth Johnstone from Blake Dawson Waldron to comment on this.

- Last Monday week, on 8 November, Stockland announced an intention to make a takeover bid for GPT. GPT did not receive prior notice of Stockland's proposal nor did they seek to negotiate the terms with us before announcement.
 - Stockland had met with GPT over 3 months ago before GPT concluded the arrangements with Lend Lease. Stockland indicated at that time that if they were minded to make a proposal with respect to GPT they were in a position to do so quickly.
 - Under the Stockland proposed conditional offer, you would receive 0.608 of a Stockland stapled security for each GPT unit that you own.
 - **The key issue for GPT's Independent Directors was to consider whether the Stockland proposal was superior to the Lend Lease proposal.**
 - To assist us in this determination we commissioned Grant Samuel to provide an independent expert opinion on the Stockland proposal. This was also designed to ensure that an independent assessment was provided ... free from any real or perceived conflict of interest.
 - We reviewed the Stockland proposal quickly. This was to ensure our investors were immediately and properly informed. We were able to do this because:
 - Firstly, Stockland are well known to us and our advisers. They operate in the same sector as GPT and, like us, are subject to continuous disclosure requirements. This means the market is aware of any material events which may impact on the pricing of the stock. Stockland have confirmed that they have released all material information concerning their bid to the market.
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- Secondly, we assessed the Stockland proposal, taking as a given the information they have released relating to their bid. In other words, we have given Stockland the benefit of the doubt.
 - And finally, and most importantly, the Lend Lease proposal provided a clear benchmark against which the Stockland proposal could be compared.
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- I have put up a slide comparing the 2 proposals in financial terms as detailed in the Grant Samuel opinion.
 - In considering the Stockland proposal we considered both quantitative and qualitative factors. However, in a well-informed market, GPT believes that the prospective risks and potential returns are reflected in the market prices of Lend Lease, Stockland and GPT.
 - These quantitative and qualitative factors, such as risks to the business, are reflected in the different yields at which these stocks trade. For example, Stockland trades on a lower yield, around 6.7%, compared with the implied yield for a merged GPT and Lend Lease of 7.1%. Expressed another way, risk is adjusted in the price of each listed security.
 - In Grant Samuel's opinion the Stockland proposed offer has an implied value of \$3.57 per GPT unit compared to the implied value of Lend Lease's proposal of \$3.72 per GPT unit, a difference of 15 cents.
 - The Independent Directors gave greatest weight to the financial comparison between the competing proposals. The Lend Lease proposal also offers our 60,000 retail investors choice through the cash-out, sale and exchange options.
 - The assessment that the Independent Directors made with our financial advisers, enabled us to come to the clear view that the
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Stockland proposed offer is inferior to the terms offered by Lend Lease.

- In Grant Samuel's opinion "the Stockland offer is inferior to the Lend Lease proposal".
 - Had the Stockland offer been superior, I must make it clear that we would have welcomed it and have recommended it.
 - We know that many of our investors have concerns with the late by timing of the Stockland proposal and how it affects consideration of the Lend Lease proposal. We understand and have sympathy with ... your views.
 - However, Stockland (like all of the market) has been aware of the timetable and has elected to proceed at a time of their choosing which best suits its Stockland investors, not GPT unitholders ... our investors. If they are persuasive in gaining one in four votes, Stockland thereby create a blocking stake whereby the majority of GPT unitholders who favour the Lend Lease proposal will be denied.
 - We have thought through whether more time was necessary before this meeting was held. In other words, whether we should seek a postponement. After careful consideration, we decided this was not in your best interests. Let me explain why.
 - Firstly, it is not necessary to wait until Stockland's bidder's statement has been released before evaluating the Stockland proposal. This is because your Independent Directors are entitled to rely on the information which Stockland has released to the market and have evaluated the Stockland proposal using that information. In our view, the bidder's statement will not add to this information, it will only qualify it. And we have determined that the Stockland proposal is not superior to the Lend Lease proposal, and in fact is inferior.
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- Secondly, this is a merger and it has a process pursuant to a formal agreement. That process involves our investors and Lend Lease investors considering the proposal today. Lend Lease's shareholders did so this morning and have approved the merger overwhelmingly. This meeting is our investor's opportunity to consider the proposal. If we deferred this meeting we may breach the agreement with Lend Lease and risk the status of the Lend Lease proposal becoming uncertain. Clearly this is not in your interests.

 - Thirdly, after a long, open and transparent process of evaluation, the Lend Lease merger proposal was agreed on 6 August. The market and our investors have been aware of all of the terms and conditions of the Lend Lease proposal since that time.
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- Any delay in our view will only favour Stockland's position, which has been independently assessed as having the inferior proposal. They chose not to trigger the trip wire which would have brought with it our support.

 - Last Friday, we discovered Westfield had accumulated a 4.8% stake in GPT. Westfield has not indicated any intention to make an offer for GPT units. They are able to vote on the resolutions today and the fact that they have a stake in GPT should not delay this meeting.

 - **Finally, we continue to support our recommendation of the Lend Lease proposal and believe it to be in the best interests of GPT's investors.**

 - In the considered opinion of your Independent Directors, should the resolutions today be defeated, one thing that we can all be certain of is that the Lend Lease offer will have represented the **high water mark of opportunity** for GPT unitholders. If any other party had any intention of putting a superior proposal on the table, then they could have done so by now. Had that been the case, under the terms of our agreement with Lend Lease, this meeting would have been abandoned.
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- It stands to reason that other interested parties, whoever they might be, will seek to profit from minimising value to GPT unitholders if the vote is lost. The resolutions will be defeated if more than 25% vote against them. There may well be competitive tension but at the low water mark as it is within Stockland's, Westfield's or anyone else's interest to offer as little as possible for this great portfolio of GPT assets.
 - Expressed in another way, if one in four of you vote against ... this Lend Lease proposal will be defeated and there will only be one proposal on the table, and that is Stockland's inferior proposal as the default option.
 - Now, turning back to the Lend Lease proposal. When we received the proposal we recognised the potential it offered to provide higher growth. We were also conscious of the changes it would mean and wanted to be sure that the changes and risks were understood.
 - We were also fortunate in receiving feedback from many investors.
 - In reviewing the proposal the Independent Board considered that this proposal represented an excellent opportunity to continue the evolution towards higher growth activities which GPT had been undertaking in a measured way for a number of years. Our entry into the hotel sector in 1997, Bulky goods in 2001 and masterplanned communities in 2003 were part of an evolution and a diversification into sectors which could provide higher growth, albeit with higher risk.
 - We concluded that the merger could offer unitholders significant benefits. These benefits included:
 - a substantial price premium;
 - an increase in forecast distributions;
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- the addition of Lend Lease's operating businesses to target higher distribution and earnings growth than GPT could achieve on a stand alone basis;
 - the complementary Lend Lease businesses in Australia; and
 - an alignment of interests between GPT and Lend Lease.
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- However, our analysis was not purely focused on the potential benefits. We recognised and examined the risks associated with the proposal. We have been conscious of the sensitivity of many of our investors to increased volatility in distributions and price.
 - These risks included:
 - the target distribution growth not being achieved;
 - increased volatility of earnings and stapled security price;
 - higher gearing;
 - implementation risks in achieving cost savings; and
 - exchange rate fluctuations and the complex international operating environments.
 - Recognising these risks, but conscious of the potential benefits, we as independent directors sought and agreed improved terms for GPT
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investors to provide them with a range of options. In other words, we negotiated choice.

- We also agreed with Lend Lease a management structure and operating philosophy which maintains the processes and systems which GPT has used in identifying and managing risks.
 - Having achieved those aims the Independent Directors have unanimously recommended approval of the proposal to investors.
 - And, Grant Samuel opined that "the proposed merger is in the best interests of GPT unitholders as a whole in the absence of a superior proposal".
 - I'll now ask Nic Lyons, GPT's Chief Executive Officer, to talk in more detail about the terms of the proposal and the strategy for the merged group.
 - Thanks Peter.
 - We believe the merger proposal with Lend Lease represents a great opportunity to grow the GPT business and produce enhanced returns for our investors.
 - Obviously this is a quantum change for GPT – it moves the Trust from one of the lower risk vehicles in the sector to one which has a higher level of risk and potentially higher returns. As Peter mentioned, the financial terms and the operating philosophies and structure being adopted by the merged group address this. The merger creates a vehicle which is not the same as GPT but also not the same as Lend Lease – the merged entity combines key elements of both.
 - We are very conscious of managing the risks in the merged group as we do in GPT. And there are risks in GPT – associated with property
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market and economic cycles as well as interest rate movements and specific property risks.

- The merged group clearly represents higher risk but with this risk is higher growth potential and some exciting opportunities – and this is achieved while retaining the key components that have been attractive about GPT.
 - The high quality portfolio the Trust has built over more than 30 years is retained and enhanced with exposure to selected quality offshore assets. The pipeline GPT enjoys through its association with Lend Lease remains intact and is potentially expanded to selected offshore opportunities.
 - The systems, processes and intellectual capital required to run large scale and complex portfolios is secured and in particular the integrated approach we use in retail which is essential to the successful development of our retail assets is enhanced.
 - Complementing the core 'GPT style' business is access to growth through quality businesses sitting in Lend Lease. For example we had already identified Delfin as a great business and one which could enhance returns to investors when we entered into an alliance with them last year.
 - We also believe that the merged entity will offer a compelling and unique investment proposition that positions it to become a leading diversified entity in the listed property trust sector owning and managing quality businesses and assets.
 - And importantly we have agreed with Lend Lease on an operating philosophy which is aimed at managing risk and positioning the merged group as a leader in the LPT sector.
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- The merged group will own \$10 billion in quality investment assets. This will include a \$5.7 billion retail portfolio and a \$3 billion office portfolio with a dominant position in Australian nature based tourism.
 - The merged group will also have significant corporate earnings from a number of sources. This will include the following.
 - The wholesale funds management business in Australia, Asia and the UK. The wholesale property funds management business is expected to continue to provide attractive opportunities for the merged group given the expected increasing level of demand from institutional investors for unlisted property investments.
 - Through the urban community development business and the use of land management arrangements, the merged group is targeting increased consistent high quality earnings.
 - And finally, Bovis Lend Lease business is a top 12 international project management and construction business by revenue, with a recognised global brand and track record for having delivered many significant buildings across the globe.
 - The Investment Management style earnings, represented by GPT's current investment portfolio with the addition of some quality retail assets in which Lend Lease has an ownership interest will represent the majority of earnings, with Asia-Pacific contributing the largest earnings portion by geography.
 - So while there is access to higher growth businesses and offshore operations in the merged group, these activities represent a relatively modest proportion of the merged group's income.
 - Turning to the management structure, as you can see from this slide, the Group will operate in 3 major areas – Investment Management, Development and Construction.
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- The philosophy and process adopted by the Board and management in managing the Group will be focused on:
 - Maintaining a split of approximately 70% to investment earnings – giving a higher level of predictability for the majority of the groups distributable income.

 - Assets and other investment opportunities will continue to be reviewed through a rigorous investment analysis process as currently used by GPT.

 - Gearing will be targeted to remain within a policy range of 25-35%, which is in line with the LPT sector average of 35% and only slightly above GPT's current gearing at 30%.

 - Interest rate and currency hedging will be used to protect investors from the impact of interest and exchange rate fluctuations.

 - We will also maintain a high level of information flow to investors as GPT does today.

 - Members of the GPT Board will also be represented on the Board of the merged group, with three of your independent directors to be invited to join the merged group's Board.

 - As outlined in the Explanatory Memorandum, GPT unitholders who participate in the merger will receive 1 stapled security for up to 3.8 GPT units and a Special Distribution of up to 65 cents per unit. The merger ratio and cash component are dependent on the take up of the cash out option.

 - The equivalent annualised 2005 financial year distribution per GPT unit under the merged entity is 26.4 cents per unit, an increase of 17% on the forecast for GPT on a standalone basis of 22.5 cents per unit.
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- Since the merger was proposed GPT's price has increased significantly, moving from \$3.05 before the merger proposal was announced to \$3.68 yesterday. This is an increase of 20.7%.
 - **This price premium represents significant value for GPT investors.**
 - So with that overview I'll hand back to Peter so that we can take your questions.
 - I would now like to introduce Elizabeth Johnstone from Blake Dawson Waldron, our specialist governance adviser, to address the meeting.
 - I'd now like to table the Notice of Meeting and Explanatory Memorandum which contains 4 items of special business. With your permission, I suggest we take the notice of meeting as read. Is this agreed?
 - It is now time for questions before we vote on the resolutions. Your independent directors have undertaken this process in an independent, thorough, open and transparent manner.
 - We rejected the initial Lend Lease proposal. We negotiated a significantly improved proposal which included choice for individual unitholders. We believe that the recommended merger proposal with Lend Lease is in GPT unitholder's best interests.
 - If you are considering a "NO" vote in the hope of producing a better outcome, please consider that carefully. If the Lend Lease offer, valued at \$3.72 per unit is voted down, the only other offer will be the conditional Stockland bid which at today's price is \$3.47.
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- There will be no incentive for any future bid above \$3.72. Any future competitive tension will, instead, be around the Stockland offer price of \$3.47, which is significantly less than the Lend Lease offer and the value estimated by the Independent Expert. This is why we think you should vote "YES" whether you wish to continue as an investor, or sell your units and invest elsewhere.
 - We have rigorously evaluated the Lend Lease proposal and determined it to be in your best interests. You can and should make a decision today. We recommend that you vote in favour of the resolutions.

ENDS
