GPT

GENERAL PROPERTY TRUST

General Property Trust
ASX Announcement and Media Release

GPT RELEASES EXPLANATORY MEMORANDUM FOR THE PROPOSED INTERNALISATION OF MANAGEMENT

3 May 2005

General Property Trust (GPT) has lodged with the Australian Securities and Investments Commission (ASIC) and the Australian Stock Exchange (ASX) its Notice of Meeting and Explanatory Memorandum for the proposed Internalisation of management.

The Explanatory Memorandum provides detailed information about the proposal to replace the current responsible entity of GPT, which is owned by Lend Lease Corporation, with a new company effectively owned by GPT Unitholders. Notwithstanding this major change, GPT will continue to explore ways in which the two entities may collaborate to their mutual benefit.

Should the Internalisation proposal be approved by GPT Unitholders, GPT will also enter into a Joint Venture with Babcock and Brown to acquire a property portfolio initially focussed in Europe, and sell interests in certain Australian retail assets to the Westfield group[1]. The Explanatory Memorandum also includes details of these two transactions.

The GPT Independent Directors unanimously recommend that Unitholders vote in favour of the management internalisation proposal. All GPT Independent Directors intend to vote their own units in favour of the resolutions.

The Explanatory Memorandum also includes an Independent Expert's Report prepared by Grant Samuel & Associates Pty Limited (Grant Samuel), which states:

> *In Grant Samuel's opinion, the Restructuring is in the best interests of GPT unitholders in that unitholders are likely to be better off after the Restructuring than under the status quo…*

The meeting of GPT Unitholders to vote on the proposal will be held at 11 am on 2 June 2005 in Sydney. GPT's Independent Directors strongly recommend that Unitholders read the full Explanatory Memorandum which will be mailed to Unitholders on Monday 9 May 2005.

In his letter to Unitholders, GPT Chairman Mr Peter Joseph said the Proposal would create a more prosperous, dynamic and independent GPT.

[1] Subject to pre-emptive rights in the case of one asset. Westfield will also be appointed as manager of those assets, subject to approval in the case of one asset.

"It will establish an independent GPT employing its own management who will be focused exclusively on the interests of unitholders", Mr Joseph said.

"The culture, values, disciplines and the transparency demanded of the newly independent GPT as a major player in the listed property trust sector will be maintained, refined and reinforced. This will be of vital importance especially in times of economic uncertainty."

Mr Joseph said that allied with the internalisation of management, there was a need to establish a new business platform through the Joint Venture that would provide immediate growth and new opportunities.

GPT's Independent Directors consider that the proposal delivers a number of benefits for investors including a significant increase in forecast distributions, reduction in management costs and a controlled expansion into offshore markets.

"The GPT Independent Directors recognised that internalisation would not, by itself, create sufficient additional value and growth in distributions to make GPT competitive given the heightened growth expectations of the listed property sector and therefore to reduce the threat of GPT receiving unsolicited takeover offers in future which undervalue GPT", Mr Joseph said.

The GPT Board for this purpose is comprised of its Independent Directors, Peter Joseph, Malcolm Latham and Ken Moss.

For further information please contact

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The GPT Notice of Meeting and Explanatory Memorandum is also a prospectus for the shares of GPT Management Holdings Limited. It was lodged with the Australian Securities and Investments Commission on 2 May 2005. The offers of the GPT Management Holdings Limited shares will be made only in accordance with 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.

Governance

In light of the connections between GPT Management Limited ("GPTML") and Lend Lease, GPTML has taken steps to ensure the independence and integrity of the processes by which the Independent Directors evaluate and make recommendations to GPTML unitholders.

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