The GPT Group

BABCOCK & BROWN

ASX Release

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BABCOCK & BROWN AND GPT PURSUE ALTERNATIVE OPTIONS FOR EUROPEAN RETAIL REAL ESTATE FUND

International investment and advisory firm Babcock & Brown (ASX: BNB) and real estate group The GPT Group (ASX: GPT) today announced that the proposal to create a listed Pan-European retail property fund managed by the parties' joint venture, as announced on 21 November, has been withdrawn. Both Babcock & Brown and GPT believe the proposed IPO would not have sufficiently realised the full value of the initial portfolio and that a better outcome can be achieved through other capital raising and structuring options, including through the syndication of equity in the portfolio assets to the direct investment market and/or the creation of a more simplified REIT structure, taking advantage of the introduction of new legislation in specific European markets.

Phil Green, Chief Executive Officer of Babcock & Brown, said "We are very confident of the high quality and values of the properties in the portfolio. In light of the market's response to the proposed IPO and given the depth of the direct market interest in quality assets with a strong defensive cashflow profile such as these, we will pursue alternative options and expect to see the assets bedded down in a long-term managed structure during 2007.

Nic Lyons, Chief Executive Officer of GPT, said "The withdrawal from the IPO process does not alter the joint venture's strategy to create and grow a funds management business. This move simply reflects both GPT and Babcock & Brown's determination that an IPO at this time was not going to achieve an optimal outcome for the joint venture in the proposed structure.

"We continue to work on a number of initiatives within the joint venture and remain focused on the creation of long term enterprise value."

For further information please contact:

Kelly Hibbins
Babcock & Brown
+61 2 92291800

Donna Byrne
The GPT Group
+61 2 8239 3515

About Babcock & Brown

Babcock & Brown is a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Stock Exchange.

Babcock & Brown operates from 26 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 810 employees worldwide. Babcock & Brown has five operating divisions including real estate, infrastructure and project finance, operating leasing, structured finance and corporate finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see the Babcock & Brown Ltd website: www.babcockbrown.com

About The GPT Group

Established in 1971, The GPT Group is one of Australia's oldest and largest listed property groups with assets of approximately $11 billion. GPT's assets include quality investment properties located around Australia in the retail, office, industrial, and hotel/tourism sectors.

Other investments include a 50% interest in a joint venture with global investment and advisory firm, Babcock & Brown, providing a platform for higher growth through a broader range of property related activities including investments in a range of assets in Europe and the US with a value of over $5.5 billion.

The Group is focused on the expansion of its operations and activities to further diversify its income. The establishment of the $2.1 billion GPT Wholesale Office Fund (GWOF) in July 2006 was a key step in the creation of a Funds Management business leveraging the Group's core skills and capabilities.

For further information about The GPT Group, please see the GPT website at: www.gpt.com.au