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AUSTRALIAN SECURITIES EXCHANGE

2008 A-REIT Roadshow

October / November 2008

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Agenda



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- A-REIT Fundamentals
- Sector Overview – Is this the best value in 30 years?
- Panel Presentations
- Q&A

A-REIT Fundamentals – What are REITs?



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- Real Estate Investment Trust (REITs) offer investors access to commercial property ordinarily only available to those with large resources
- A-REITs (A = Australia) cover a broad range of property types including office, retail, commercial, industrial and leisure
- REITs may have a focus on domestic, international or a mixture of both markets

A-REIT Fundamentals – The Australian Story



Despite current volatility in the sector
Australia is:

- 2nd largest listed property market in the world
- Contains over 10% of the worlds listed real estate market
- Has a sector market cap of \$79bn equating to approx 7% of ASX total market cap
- More than 60 A-REITs listed (61 as @ Sept 07)
- Is well supported by other financial products over listed property assets including Exchange Traded Funds (ETFs) and Instalment Warrants

A-REIT Fundamentals – A-REITs Vs Residential



A-REITs	Residential Property
Liquid (T+3)	Relatively illiquid (4-12 wks)
Daily and intraday pricing	Pricing on sale
Property diversification	No diversification for single purchase
Geographic diversification	No geographic diversification for single purchase

A-REIT Fundamentals – Structures



A-REITs can comprise of 2 structures

- **Stand alone trusts** – provide investors with pure exposure to the underlying real estate portfolio
- **Stapled securities** – provide investors with exposure to other activities in addition to a real estate portfolio

A-REIT Fundamentals – Income



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- Historically A-REITs were seen as more of an income play than a capital growth story
- Rental income is passed directly through the trust or trust component of the stapled security to the end investor in the form of a distribution - usually on a quarterly or half yearly basis
- The trust or trust component of a stapled security is required to distribute their taxable income, which flows through untaxed into the hands of the investor
- REITs may also carry tax advantages by providing a portion of their income as tax deferred

A-REIT Fundamentals – Tax Deferred Income



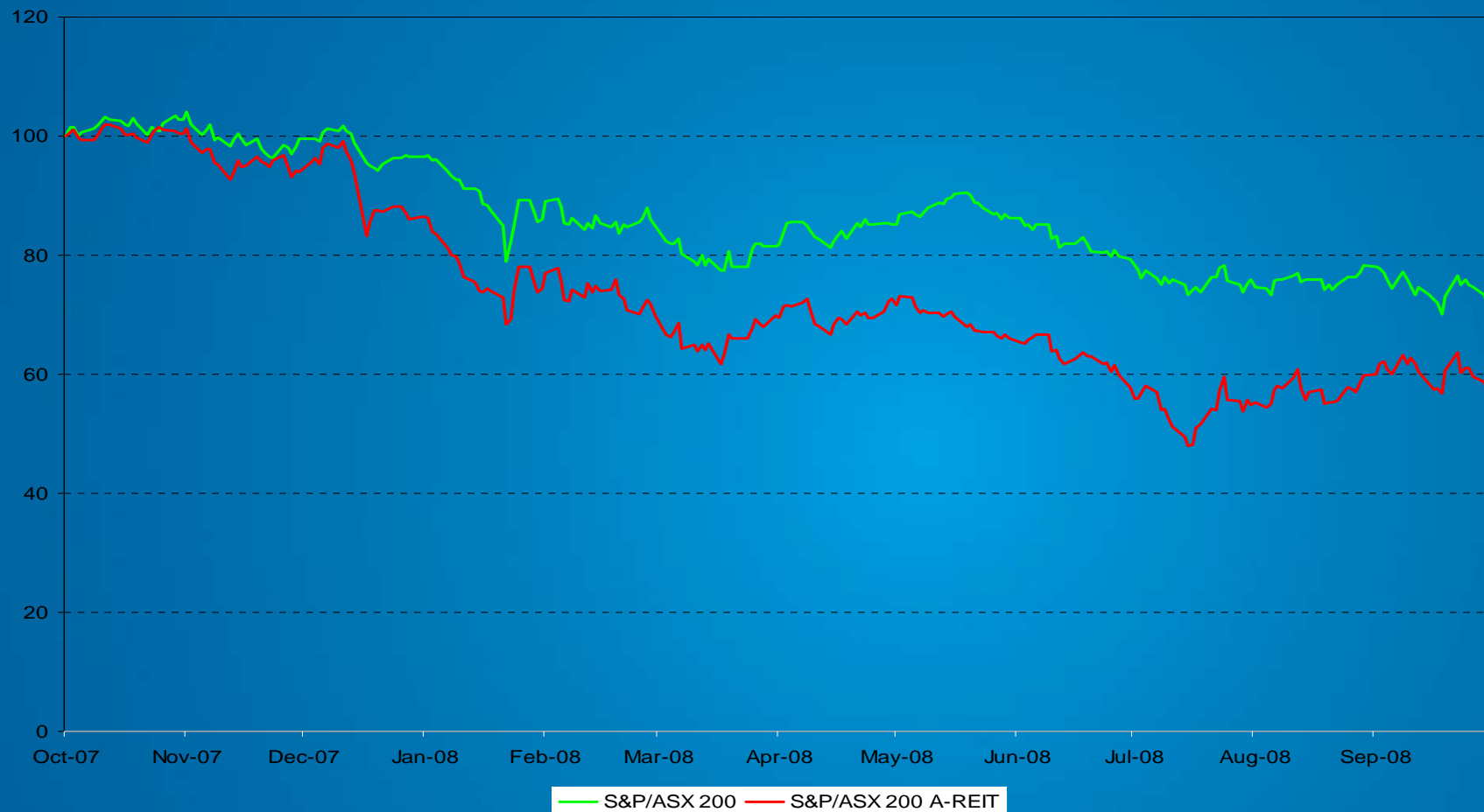
Tax deferred components

- Due to depreciation (capital) allowances, some of the tax liability associated with the rental income is deferred
- Tends to be between 15% - 100% of the total income distribution
- No tax paid on tax deferred income when received, however reduces the cost base until the sale of the investment is then treated as capital gains in the hands of the investor

A-REIT Fundamentals – 2008 A Challenging Year



S&P/ASX 200 v. S&P/ASX 200 A-REITs



Presentations



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- SG Hiscock & Company Limited
- Abacus Property Group
- ALE Property Group
- CFS Retail Property Trust
- Macquarie Office Trust

More Information



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- Visit www.asx.com.au/LMI
 - Research
 - LMI Monthly Sector Report
 - Quarterly Performance Report

- Visit www.macquariedigital.com.au to listen to REIT related interviews

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