



# *Managing Global Real Estate in Turbulent Times*

*Montréal – September 16, 2008*  
*Toronto – September 17, 2008*



# Your International Panel

## PANELISTS



**Ian Coull**  
Chief Executive Officer



**Hamid Moghadam**  
Chairman and  
Chief Executive Officer



**Michael O'Brien**  
Chief Operating Officer



**Mark Stefanek**  
Chief Financial Officer - US



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## MODERATOR



**Jean-Guy Talbot**  
President



## GLOBAL REAL ESTATE SECURITIES 101










**Cédrik Lachance**  
Senior Analyst



# SEGRO







Ian Coull, Chief Executive Officer

	Slough, England LSE, Euronext (SGRO)	Shares Out:	436.6 M	
		Float:	434.3 M	
Sector:	Industrial, Office	Market Cap:	£ 2 B	
Space:	5.1 M m <sup>2</sup>	12m High:	£ 5.61	
Comp.:	ProLogis Gazeley Brixton	12m Low:	£ 3.47	
Assets:	£ 5.1 B	Distribution:	5.8%	
Leverage:	43% (LTV)	Credit Rating:	Fitch: A-	

- Investment and development company, leading provider of Flexible Business Space in Europe
- Operations in 10 countries and over 1,700 customers in a wide range of sectors
- Annual rental income of £290 M
- Land bank well located in major business centers and along logistics distribution channels
- Potential to develop over 2.6 M m<sup>2</sup> of space with over £186 M rent
- Good lease maturity profile, average 8.4 years to expiry – strong customer relationships

# AMB Property Corporation







Hamid Moghadam, Chairman and Chief Executive Officer

	San Francisco, USA NYSE (AMB)	Shares Out:	97.9 M	
Sector:	Industrial	Float:	92.9 M	
Space:	14.5 M m <sup>2</sup>	Market Cap:	\$ 4.8 B	
Comp.:	Goodman Group ProLogis SEGRO	12m High:	\$ 66.86	
Assets:	\$ 7.9 B	12m Low:	\$ 44.77	
Leverage:	42%	Distribution:	4.0%	
		Credit Rating:	Moody's: Baa1 S&P: BBB	

- **Founded in 1983, the first REIT to consolidate separately managed private portfolios into a single, publicly traded REIT during its 1997 IPO**
- **Focused on the best markets tied to global trade located near primary seaports, airports and major distribution hubs**
- **Geographically diversified with presence in 47 markets, 16 countries and 29 offices**
- **Nine co-investment ventures representing \$10 B of AUM (including investment capacity)**

# The GPT Group






Michael O'Brien, Chief Operating Officer

	Sydney, Australia ASX (GPT)	Shares Out:	2,199.1 M	
Sector:	Diversified	Float:	2,197.8 M	
Space:	2.3 M m <sup>2</sup>	Market Cap:	AU\$ 4.2 B	
Comp.:	Dexus Mirvac Stockland	12m High:	AU\$ 5.11	
		12m Low:	AU\$ 1.35	
Assets:	AU\$ 13.9 B	Distribution:	12.7%	
Leverage:	37.3%	Credit Rating:	Moody's: Baa1 S&P: BBB	

- Has been publicly listed in Australia since 1971, and is one of the top 60 Australian stocks by market capitalization
- Substantial investor base, with over 50,000 investors
- Internalized and created a stapled structure in 2005
- Established in 2006 a Wholesale Funds Management platform with \$5.5 B in FUM and 30 institutional investors across two core funds
- Large pipeline of current and planned developments with an anticipated cost of over \$4.4 B

# Westfield Group

Mark Stefanek, Chief Financial Officer - US

	Sydney, Australia ASX (WDC)	Shares Out:	1,948.6 M	
Sector:	Retail	Float:	1,765.4 M	
Space:	10 M m <sup>2</sup>	Market Cap:	AU\$ 31.3 B	
Comp.:	CFS Retail Property Trust Liberty International Simon Property Group	12m High:	AU\$ 22.23	
Assets:	AU\$ 44.5 B	12m Low:	AU\$ 13.94	
Leverage:	31.7%	Distribution:	6.6%	
		Credit Rating:	Moody's: A2 S&P: A-	

- **World's largest listed retail property group by equity market capitalization**
- **Investment interests in 118 shopping centers encompassing 23,000 retail outlets – across the United States, Australia, New Zealand and United Kingdom**
- **Employs more than 5,000 employees worldwide**
- **Controls the Stratford City redevelopment project next to the 2012 London Olympic park**
- **The Group completed 10 major projects in 2007 at a gross cost of \$1.9 B with a weighted average development yield of 9.3%**

# Green Street Advisors

## Cédrik Lachance, Senior Analyst

GREEN STREET  
ADVISORS

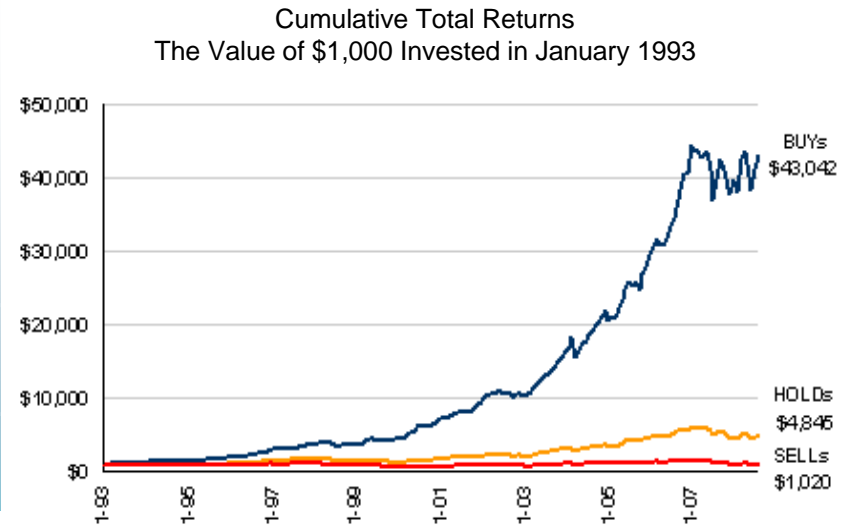
Newport Beach, US &  
London, UK

Independent research, trading, and consulting firm concentrating on publicly traded real estate securities

Coverage universe: 70 companies

Employees: 55 professionals

Total Return of Green Street's Recommendations (September 2, 2008)



- Best independent & best boutique REIT research, 2005-2007 (Institutional Investors)
- Five Managing Directors, Research average 15+ years covering REITs at Green Street Advisors
- Largest commitment to the REIT industry, with 25 research professionals covering 70 companies
- Largest, highest volume REIT-dedicated trading desk (est. 1995)

# Global Market Overview

## The Universe vs. the FTSE EPRA/NAREIT Global Index

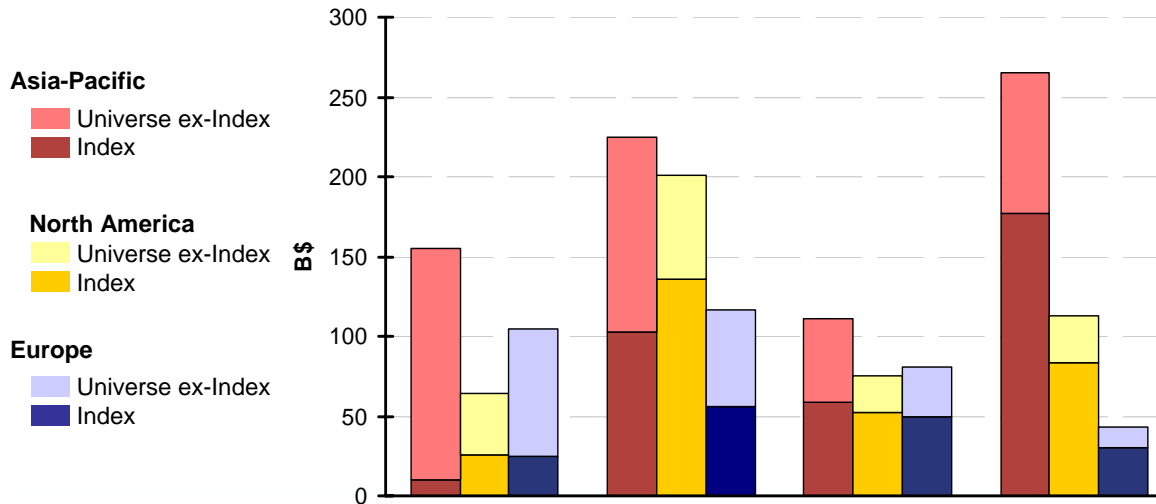
	Total Listed RE (US\$B)	Total RE vs. Listed RE (%)	# Companies in Broad Universe	# Companies in Index
USA	383	7%	278	101
Hong Kong / China	201	40%	218	21
Japan	185	9%	177	22
Australia	133	41%	118	22
UK	73	6%	178	34
France	72	8%	78	10
Singapore	54	50%	63	10
Canada	44	9%	76	16
Germany	16	1%	92	8
Others	153	3%	875	42
<b>Asia-Pacific</b>	<b>602</b>	<b>16%</b>	<b>932</b>	<b>76</b>
<b>Americas</b>	<b>428</b>	<b>6%</b>	<b>406</b>	<b>117</b>
<b>Europe</b>	<b>284</b>	<b>4%</b>	<b>602</b>	<b>93</b>
<b>Total</b>	<b>1,314</b>	<b>8%</b>	<b>2,153</b>	<b>286</b>

- Real estate in Hong Kong / China, Australia and Singapore is highly securitized
- 16 American, 8 Asian and 8 European securities represent  $\pm$  50% of the Index capitalization
- The number of constituents in the Index represents 13% of the broad Universe, according to Macquarie Capital Securities

# Distribution of Market Capitalization

## Investment choices abound outside of the Index

FTSE EPRA/NAREIT Global Real Estate Index and the Broad Universe (ex-Index) by Region (in USD)

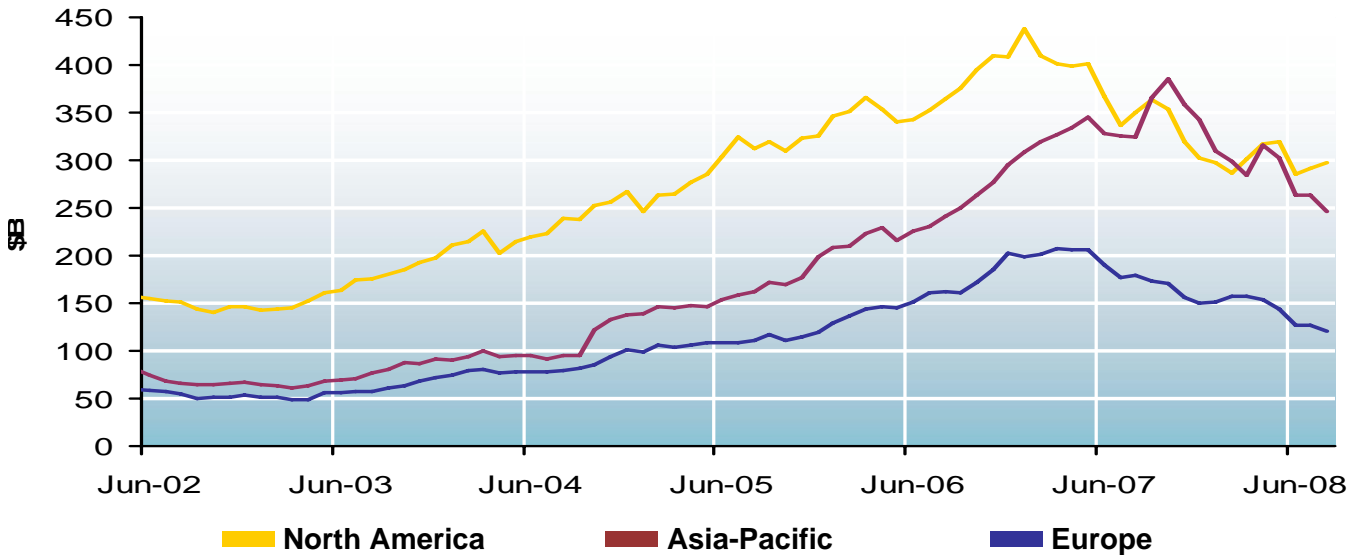



	< 1 B\$	1 B\$ - 5 B\$	5 B\$ - 10 B\$	> 10 B\$	Total
<b>Universe</b>	<b>1,806</b>	<b>274</b>	<b>47</b>	<b>26</b>	<b>2,153</b>
<b>FTSE EPRA/NAREIT Index</b>	<b>138</b>	<b>116</b>	<b>20</b>	<b>12</b>	<b>286</b>
<b>North America</b>	<b>48</b>	<b>56</b>	<b>7</b>	<b>6</b>	<b>117</b>
<b>Europe</b>	<b>62</b>	<b>25</b>	<b>4</b>	<b>2</b>	<b>93</b>
<b>Asia-Pacific</b>	<b>28</b>	<b>35</b>	<b>9</b>	<b>4</b>	<b>76</b>

- *There are more than 1,800 small-cap companies in the Universe, according to Macquarie Capital Securities – only 8% of these are in the Index*
- *41% of the companies in the Index are located in North America*
- *Asia-Pacific offers significant investment opportunities outside of the Index*
- *12% of companies in the Index have a capitalization of more than \$5 B*

# Market Capitalization Trends

## Markets are losing their synchronicity



%								
2008	0.7	-4.5	-21.3	-11.9	-28.6	-15.9	-35.7	-27.5
2007	-16.4	3.4	-35.2	-16.0	2.9	-6.4	58.5	15.2
2006	36.7	29.6	68.7	67.7	43.1	24.6	38.8	77.5
2005	12.4	27.2	6.7	11.5	8.0	53.2	10.2	31.8
2004	33.8	28.0	56.6	48.7	39.8	37.2	35.1	37.7

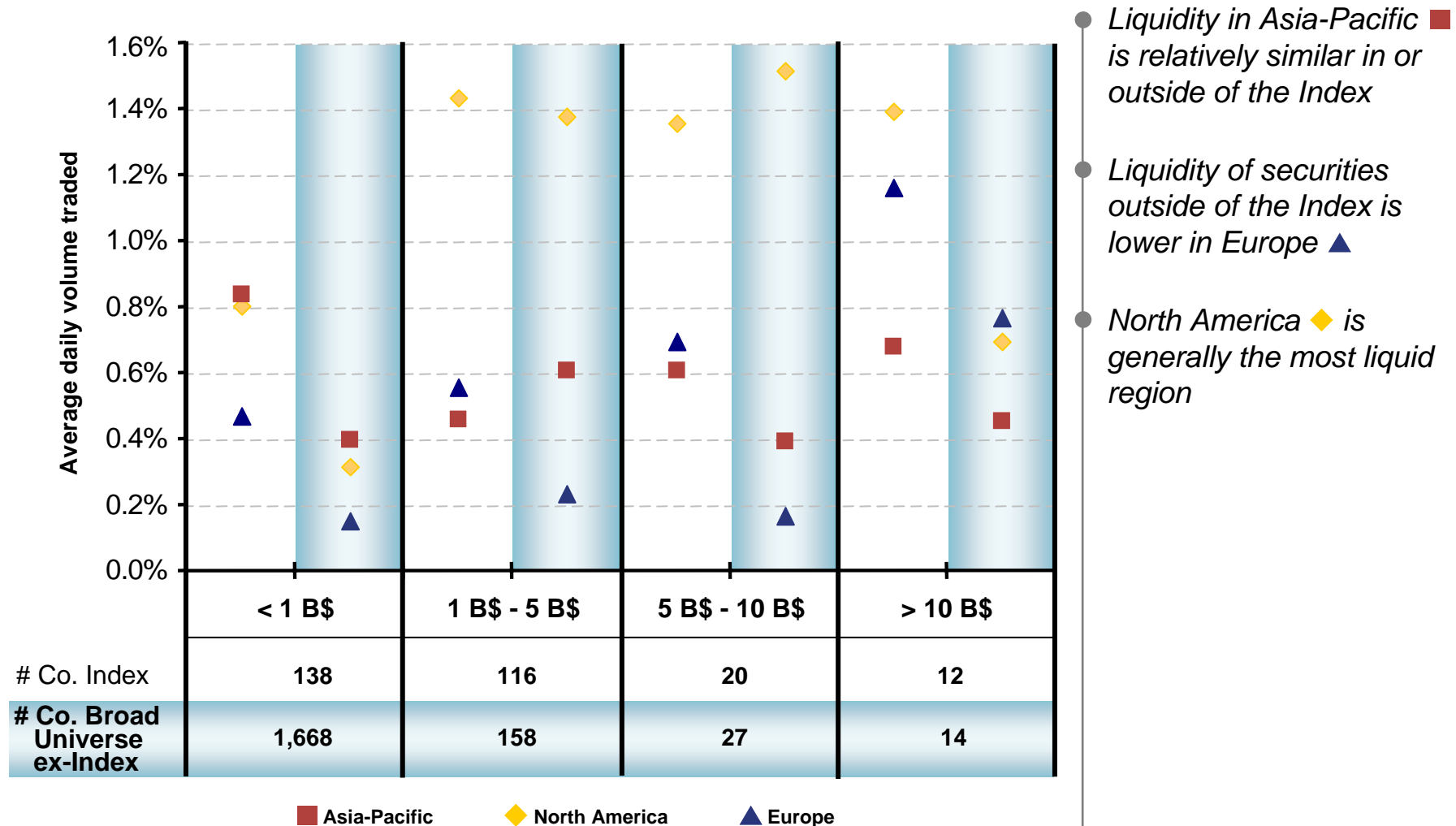
- Synchronicity is less apparent but trends remain identical
- Significant IPO activity in Asia-Pacific between '03 and '07
- Several public to private transactions in North America since mid-'06
- Superior returns in most Asian-Pacific countries until the end of '07...
- ... followed by a significant drop in values since the beginning of '08

Note: Figures are for the FTSE EPRA/NAREIT Global Real Estate Index, and are at August 31, 2008; 2008 returns are in USD and are not annualized. Source: EPRA, Monthly Statistical Bulletins, 2002-2008.

# Liquidity of Listed Real Estate Securities

All regions offer acceptable liquidity levels

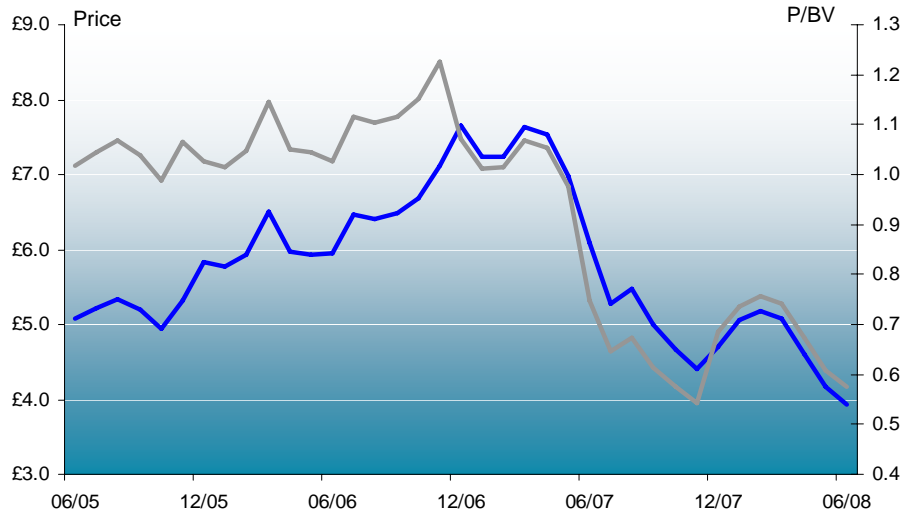
## INDEX & BROAD UNIVERSE EX-INDEX



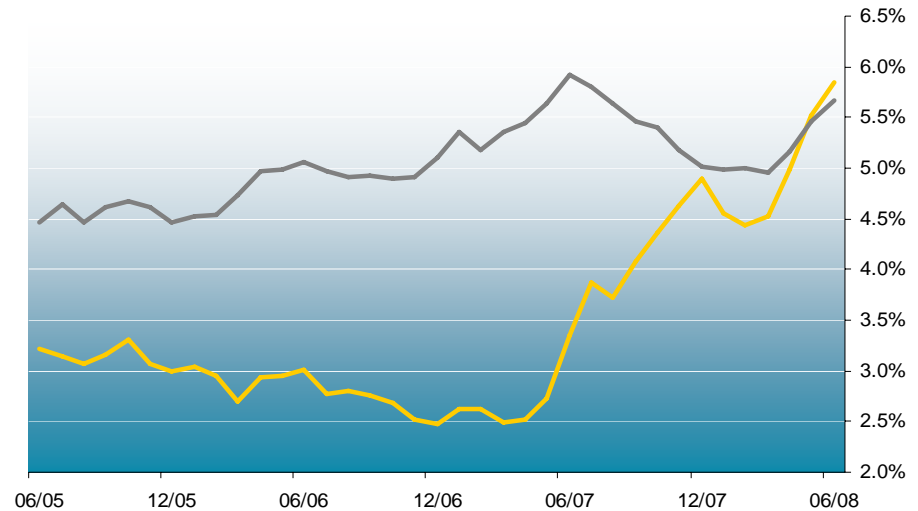
# SEGRO

## Managing in turbulent times

Security Price vs. Price/Book (in GBP)



10-Year Swap Rate vs. Dividend Yield

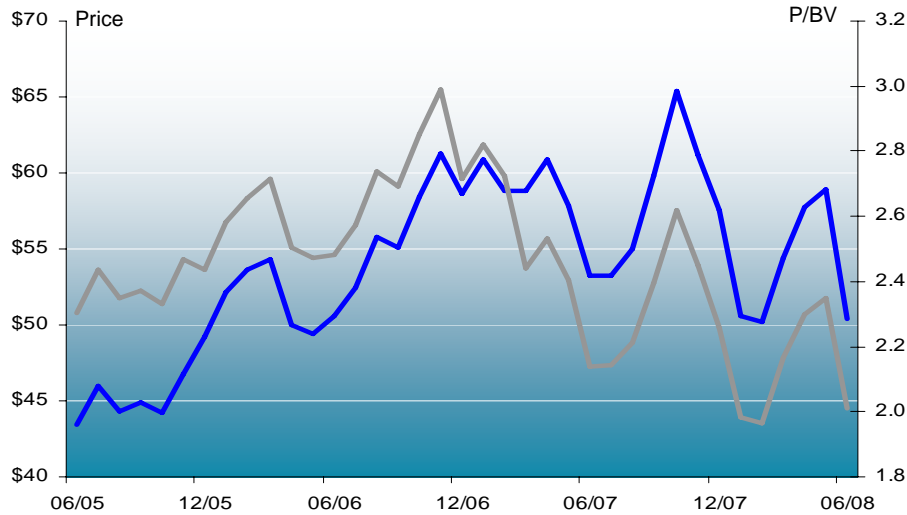


- £110 M sale of multi-estate UK industrial portfolios (*August 08*)
- €60 M sale of Warsaw office development to Commerz Real – first recycling out of Central Europe (*July 08*)
- Recycling recommenced with £92 M sale of non-core retail park to the Crown Estate (*June 08*)
- Good occupier demand in all markets, cautious approach to speculative projects in Western Europe (*May 08*)
- Announces record 600,000 m<sup>2</sup> of lettings across Europe in 2007 (*March 08*)
- Partnership agreement with the new Berlin airport to develop logistics and business park (*November 07*)
- €160 M sale and leaseback agreement with DHL in France (*November 2007*)

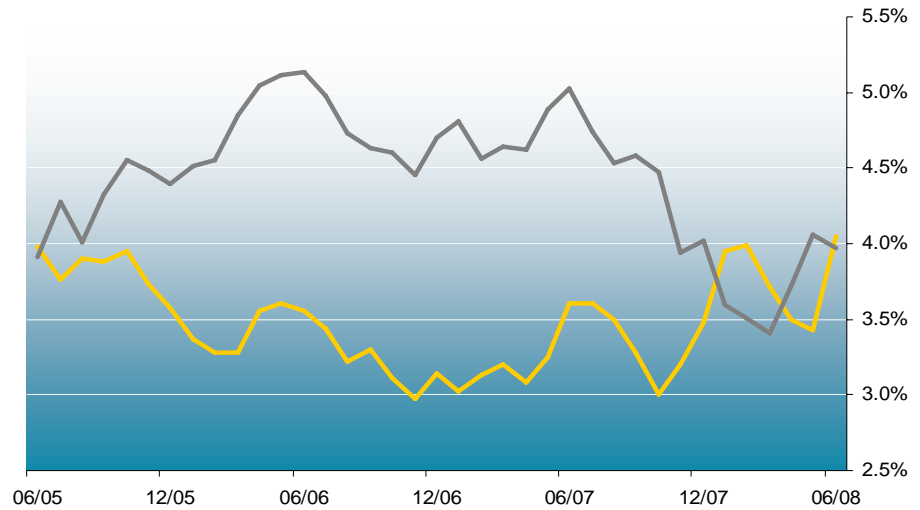
# AMB Property Corporation

## Managing in turbulent times

Security Price vs. Price/Book (in USD)



10-Year Treasury vs. Dividend Yield

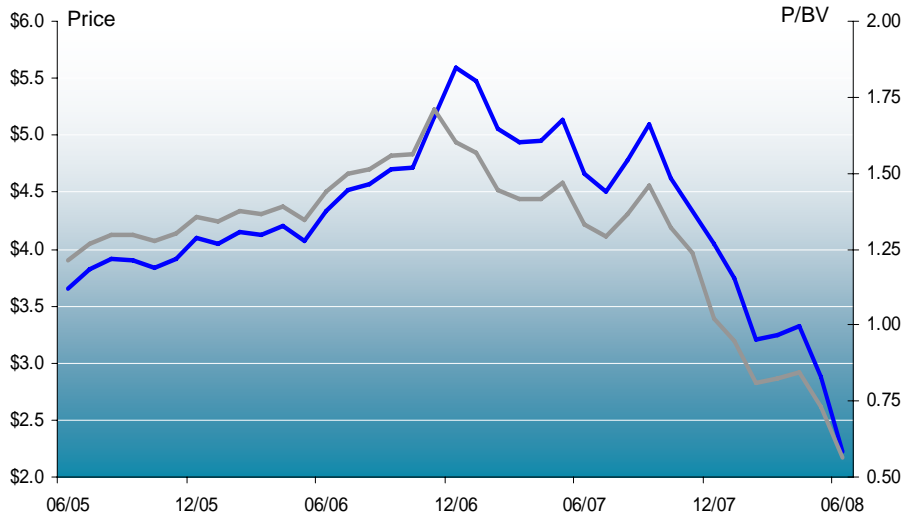


- Global trade flows are still relatively healthy with container volumes and international air cargo volumes positively driven by Europe and Asia
- Global operating fundamentals are holding and customer demand is stable
- AMB continues to have access to global capital markets at reasonable terms, even though the credit markets continue to be very challenging
- The long-term maturity schedule is well laddered and has effectively taken care of all of short-term needs

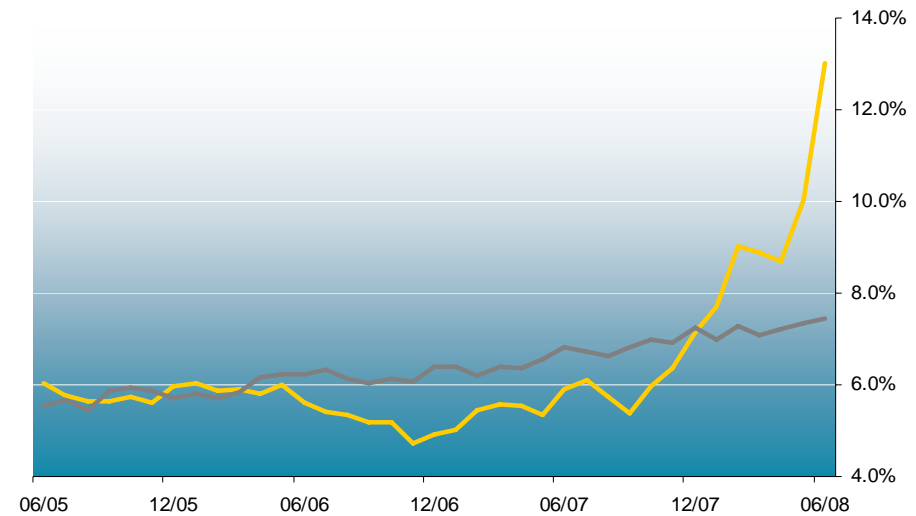
# The GPT Group

## Managing in turbulent times

Security Price vs. Price/Book (in AUD)



10-Year Swap Rate vs. Dividend Yield

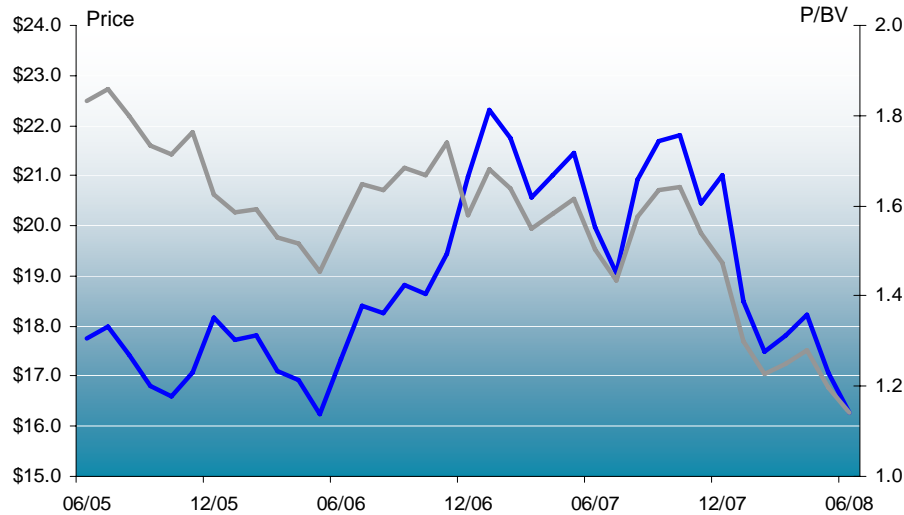


- Announced revised earnings guidance for 2008 (*July 08*)
- Announced commencement of 111 Eagle St and sell down to GWOFF and existing capital partner (*May 08*)
- Announced 2007 results – EPS growth of 7%, DPS growth of 5% (*February 08*)
- Centro's difficulty in refinancing debt has negative impact on the Australian REIT sector (*December 07*)
- Established GPT Wholesale Shopping Centre Fund (*March 07*) and GPT Wholesale Office Fund (*July 06*)

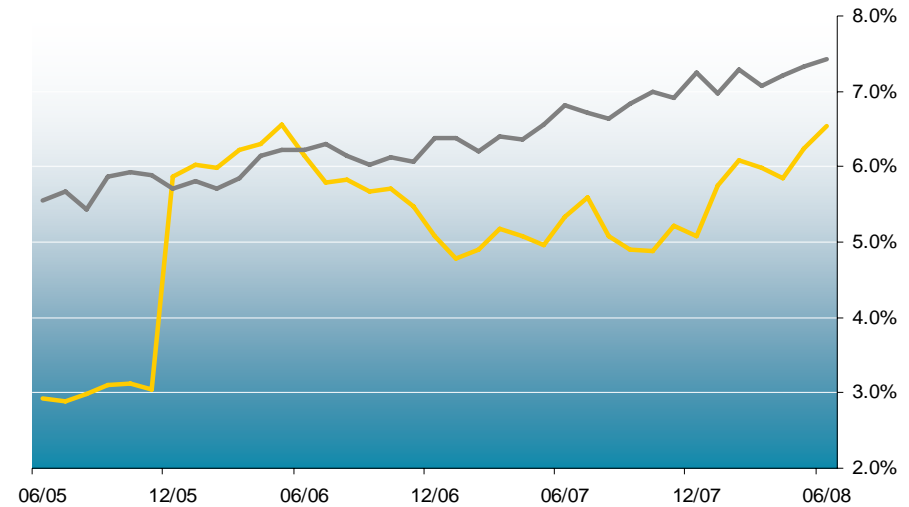
# Westfield Group

## Managing in turbulent times

Security Price vs. Price/Book (in AUD)







10-Year Swap Rate vs. Dividend Yield



- Westfield expects to start \$4 B of new developments in 2008 (*May 08*)
- Westfield will use \$1.1 B bond sale to pay down debt (*April 08*)
- Westfield Group's Steven Lowy says it's time to grow as others falter (*March 08*)
- Westfield Group says it currently has \$7.7 B of available liquidity (*February 08*)

# Access to Capital

## The credit crisis and its challenges

	Debt & Leverage	% Maturing 1 Year	Floating / Fixed	% Securitized
	£ 2.1 B 43%	4%	15% / 85%	4%
	US\$ 4.0 B (AMB's share of total debt) 42%	11%	35% / 65%	3%
	AU\$ 5.2 B 37%	17%	10% / 90%	13%
	AU\$ 15.4 B 32%	7%	5% / 95%	9%

# Global markets

## Threats

- Occupier demand: Western Europe / UK vs. Central Europe



**SEGRO**

- Asset valuations across Europe

- Cost & availability of finance



**AMB**

- Talent and ability to execute; the right management team is critical

- Shortage of capital allocation – limited availability

- Deceleration in operating fundamentals – leasing activity

- Availability and prohibitive cost of debt and equity

- Asset value declines

- Lack of transaction volume

- Availability and cost of debt and equity capital



**Westfield**

- Consumer confidence (job growth, home equity)

- Retailer bankruptcies and expansion deferrals

# Global markets

## Opportunities

- Development pipeline with potential to generate £186 M new income
- Capital allocation flexibility from critical mass in three economic zones
- Key relationships; corporate partnerships, occupier synergies & retention
- Balance sheet strength; acquisition opportunities & less peer development activities
- Well positioned global platform, hard to replicate
- Rental growth, benefiting from portfolio position and escalating replacement costs continue to increase
- Fewer private speculative developers, reduction in supply
- Long standing reputation and relationships – proven track record to close transactions
- Flight to quality – shift in institutional preferences for core plus ventures
- Addressing short-term market concerns
- Capacity within Wholesale Funds
- Realization of capital from JV
- Relative strength of Australian economy and quality of GPT's assets translating to strong rental growth
- Global development and expansion
- Strong financial position and access to capital

**SEGR**

**AMB**

**GPT**  
The GPT Group

**Westfield**

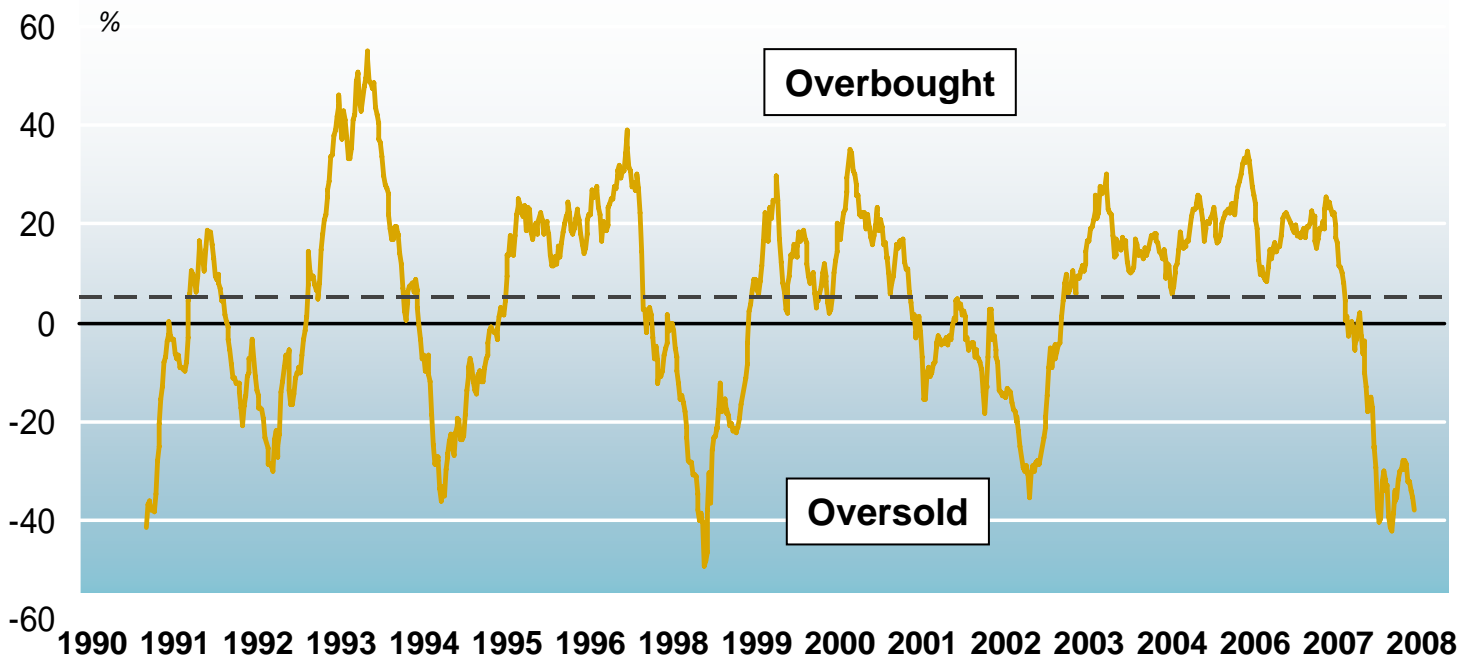
# Market Turbulence

## Dealing with difficult people

- Stakeholders are nervous, unhappy and some are shorting your stocks
- Research analysts are misinterpreting your story and vision
- Capital markets affects everyone on a relative basis
- Rating agencies are downgrading your debt to sit on the safe side
- Bankers want better spreads, tighter credit conditions; liquidity disappeared
- The securitization markets dried up. Those guys are nowhere to be found!
- Accountants are challenging everything that was unquestionable before
- Your well-thought-of development pipeline had to be put on the back burner
- Real estate supply/demand for space remains a key factor
- Your talented management team needs to be energized

# The Light at the End of the Tunnel

What we have learned from the four previous cycles



● Each of those four episodes was followed by strong recovery in REIT prices:

● 1991: +18%

● 1995: +20%

● 1999: +31%

● 2003: +28%

● 2009: ?

- A year ago, global financial markets were hit by the most severe crisis of the decade
- Worst correction since 2002 at the time of the last global recession
- Four declines of similar intensity were experienced in 1990, 1994, 1998 and 2002

# Thank you!



**Ian Coull**  
Chief Executive Officer



**Hamid Moghadam**  
Chairman and Chief Executive Officer



**Michael O'Brien**  
Chief Operating Officer



**Mark Stefanek**  
Chief Financial Officer - US



**Cédrik Lachance**  
Senior Analyst



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