

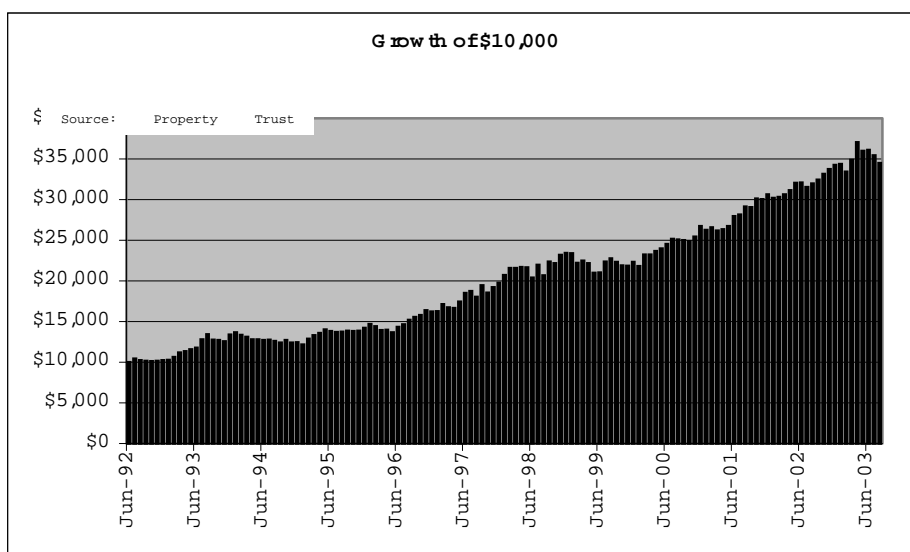
Listed Property Trusts

Listed Property Trusts (LPTs) have proven one of the most successful financial products on the Australian Stock Exchange with more than 600,000 investors. When investing in LPTs, you invest in a stable asset class with a unique set of characteristics. LPTs make up over \$45 billion in assets, and 8% of the world's listed real estate. The sector has provided investors with high yields, capital growth and relatively low levels of volatility.

What Are LPTs?

LPTs allow investors to buy an interest in a professionally managed portfolio of real estate. Investors in Listed Property Trusts gain exposure to both the value of the real estate the trust owns, and the regular rental income generated from the properties. The LPT sector's investments include the following types of real estate:

- Office buildings and parks
- Industrial estates
- Retail and shopping centres
- Hotel & tourism properties
- Public use facilities
- Specialised real estate
- Warehouses & car parks
- International
- Multi sector (diversified)



There are over 45 LPTs trading on ASX. Most trusts have external managers, although some trusts have internalised their management through a "stapled security" structure. A stapled security is a trust with a management and/or development company attached.

What LPTs can achieve for you

Regular Income with some Capital Growth

The distribution yields on LPTs are between 6% and 10% a year (based on current prices), higher than most shares. The distributions are made either quarterly or twice yearly, allowing investors to regulate their cash flow.

Apart from distributions, LPTs also offer the opportunity for capital growth. Rising yields, attractive valuations or movements in other markets among other reasons, can cause unit prices to rise. Over the past 20 years, LPTs have performed similarly to the wider share market. Recent performance has confirmed LPTs' status as a 'safe haven' investment.

Lower Levels of Volatility

The listed property trust sector has been found to be 40% less volatile than the general share market.

Diversification and Liquidity

LPTs do not invest in only one property, preferring to invest across properties in a diversity of geographic regions, lease lengths and tenant types to decrease investor risk. Although listed on ASX, LPTs have been found to have a low correlation with the rest of the share market. Investments in LPTs can therefore be used to further diversify an investment portfolio.

Unlike real estate transactions, units in LPTs can be bought and sold via any stockbroker on the ASX and most

financial planners, with the proceeds of sales received in three days.

Cost-Effective Exposure to the Property Sector

Property is one of the four main asset classes and should play a role in an investor's portfolio. Property trusts offer access to the property market and professional investment management with low transaction and management costs.

Taxation Advantages

Due to LPT's access to tax concessions like depreciation (capital) allowances, some of the tax associated with the rental income earned by the LPT is deferred.

The tax-deferred component is generally between 15% and 100% of the total dividend. The tax-deferred portion of the dividend is passed through to investors, meaning they do not pay tax on this portion of the dividend until they sell the trust and then at the concessional capital gains tax rate. This can lead to attractive results net of tax.

Risks

Although LPTs are generally considered low risk investments, there are a number of factors investors should consider before investing. The risks affecting LPTs include:

- Movements in the interest rate market can affect the valuations of LPTs
- Attractiveness of real estate compared to other assets classes such as equities or fixed interest.

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- General economic climate and the business rental environment.

You should obtain independent advice from a professional adviser prior to making any financial decision.

For Additional Information

Consult your advisor or visit the Property Trust section of the ASX website at www.asx.com.au/propertytrusts for more information including research, performance figures, news and prices.

Alternatively, contact ASX customer service on 1300 300 279.

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