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5th Annual PortfolioConstruction Conference

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Pillars for building better
quality investor portfolios...

Richard Shields, Senior Investment Adviser, Property
PortfolioConstruction Conference 2006

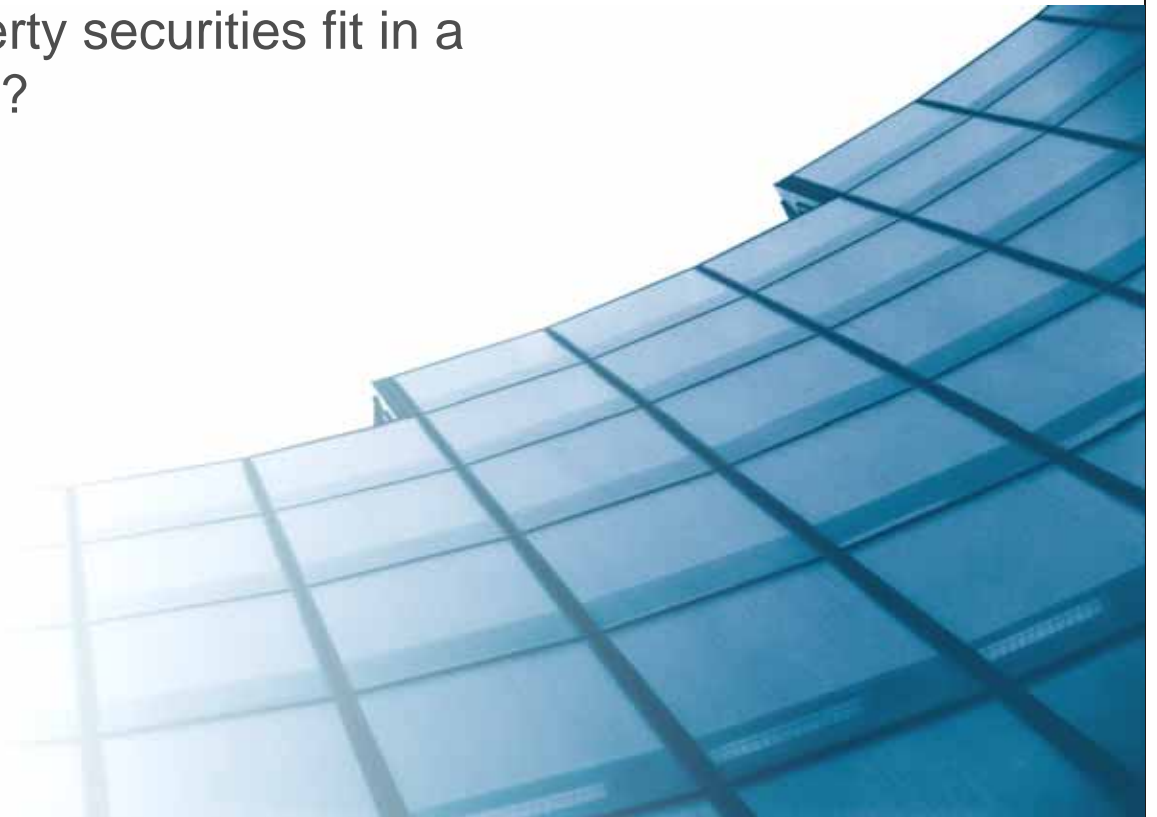


HOORAY for Global Listed Property But where does it fit?



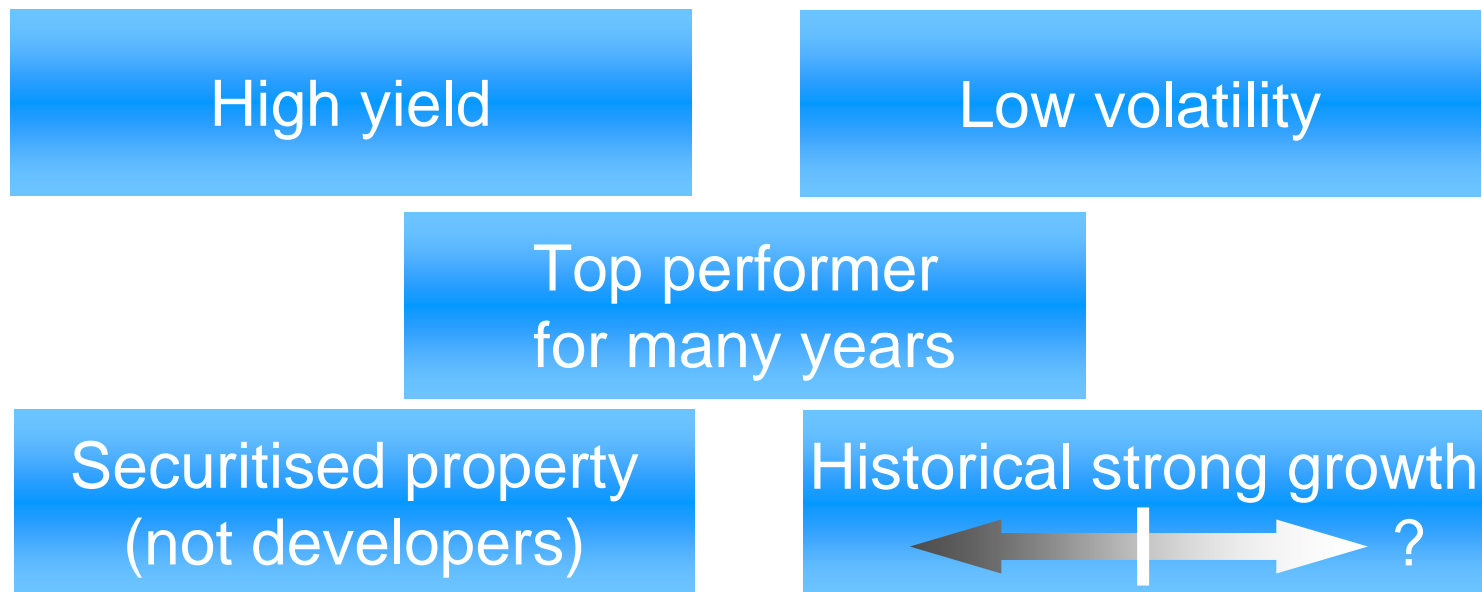
Agenda

- History
- Why include global property securities?
- Where does global property securities fit in a typical balanced portfolio?
- Key issues
- Summary



Role of listed property trusts

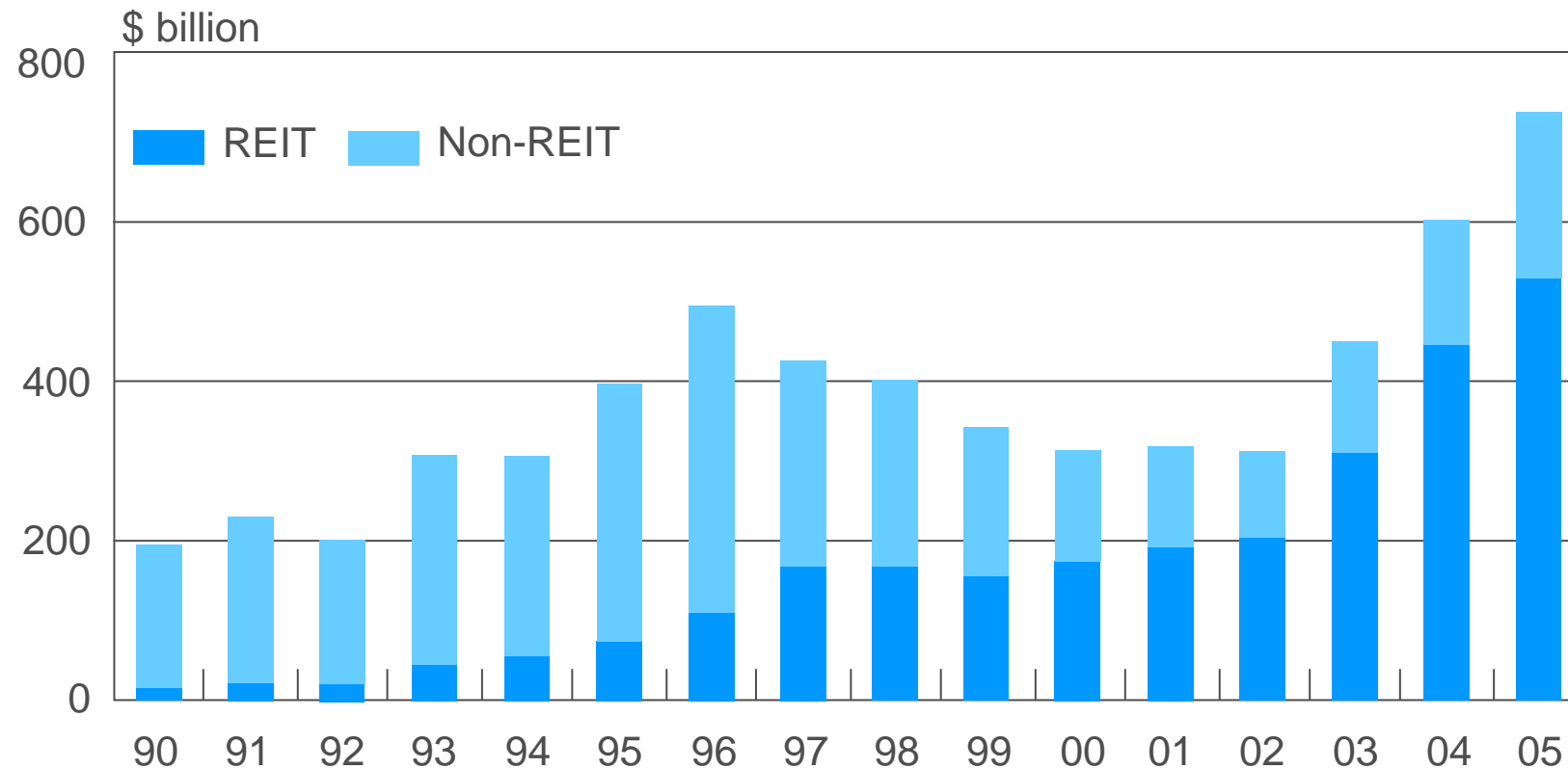
Australian investors know the story well . . .



... but times are changing






Growth of listed property

Growth of global listed real estate market capitalisation (US\$)















Source: UBS, Thomson Financial. As at 31 December 2005.

Global REIT overview

	US 	Netherlands 	Australia 	Canada 	Belgium 
Year	1960	1969	1985	1994	1995
Management	Internal or External	Internal	Internal or External	Internal	Internal or External
Investment Restrictions					
Real Estate Investments	75%+	100%	>50% of revenue from rent*	80%+	100%
Overseas Investment	OK	OK	OK	OK	Prohibited
Development	OK	Minimal	OK	OK	Minimal
Gearing limit	No restrictions	60% of property assets	No restrictions	No restrictions	50% of total assets
Payout	>90% of taxable income (post depreciation)	100% of fiscal earnings	100% of taxable income (post depreciation)	85% of distributable cash (pre depreciation)	80% of taxable income and net debt pay down
Closed ended^^	Yes	Yes	Yes	Yes	Yes
Listed/Unlisted^^	Both	Both	Both	Listed	Listed
Tax transparency	Yes	Yes^	Yes	Yes	Yes ^

Source: UBS. Global REIT Overview. Data is current as at 30 June 2006. Notes: * this is a condition of entry into the LPT index, not a regulatory requirement. ^ Taxed at source on overseas income and non tax on dividends at the investor level. ** not needed as there is no tax on dividends in HK. ^^ Currently Germany is the only country with tax transparent option that is unlisted and open ended that is available to both tax paying and tax exempt investors. *** With >35% with an A rating. ^^^ Capital gains from the tax exempt portion can be distributed in line with tax treatment of rent.

Global REIT overview

	Singapore 	Japan 	France 	Hong Kong 	
Year	2002	2003	2003	2005	
Management	External	External	Internal or External	Internal or External	
Investment Restrictions					
Real Estate Investments	70%+	75%+	Flexible	>50% of revenue from rent*	
Overseas Investment	OK	OK	OK	OK	
Development	20% of total assets	OK (But >50% of assets must be income producing)	OK	OK	
Gearing limit	35% of total assets***	No restrictions	No restrictions	35% of total assets	
Payout	100% of taxable income (no depreciation)	>90% of taxable income (post depreciation)	85% of taxable income from rentals, 50% of capital gains	>90% of net income after tax (no depreciation)	
Closed ended^^	Yes	Yes	Yes	Yes	
Listed/Unlisted^^	Listed	Listed	Listed	Listed	
Tax transparency	Yes	Yes	Yes^	No**	

Source: UBS. Global REIT Overview. Data is current as at 30 June 2006. Notes: * this is a condition of entry into the LPT index, not a regulatory requirement. ^ Taxed at source on overseas income and non tax on dividends at the investor level. ** not needed as there is no tax on dividends in HK. ^^ Currently Germany is the only country with tax transparent option that is unlisted and open ended that is available to both tax paying and tax exempt investors. *** With >35% with an A rating. Source: UBS

Why invest in global property securities

- Strong case for including property in a diversified portfolio – “Property is different”
- Potential for attractive yield-based returns
- Low regional correlations
- Low correlations with shares and bonds



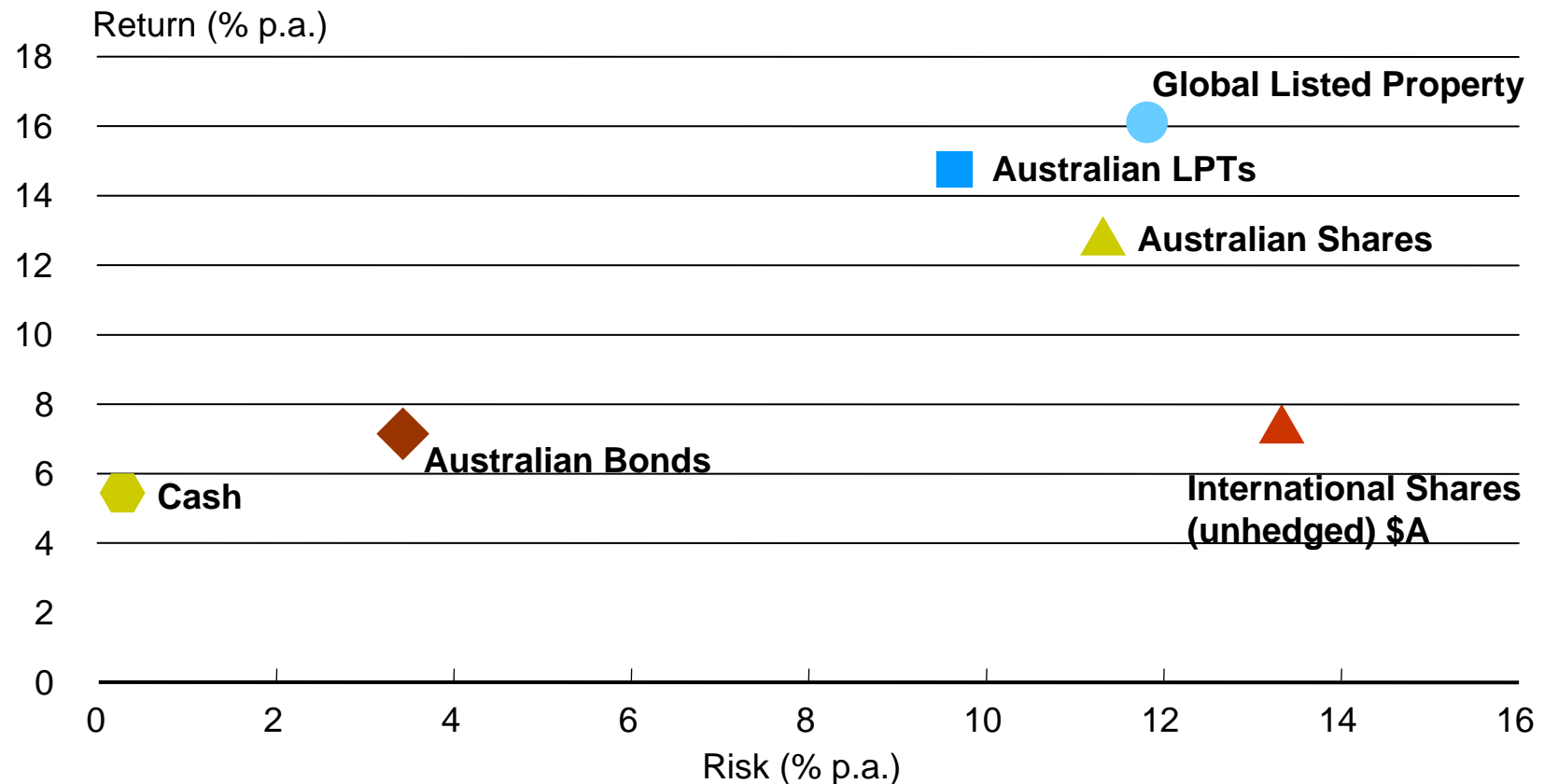
Attractive yields

Asset Class	Dividend Yield (%)
Global Shares (\$A hedged)	2.3
Australian Shares	3.9
Australian Listed Property	6.3
Global Property Securities	5.5

Source: AMP Capital Investors. Figures shown are as at 31 May 2006.
Please note that past performance is not a reliable indicator of future performance.

Favourable risk & return characteristics

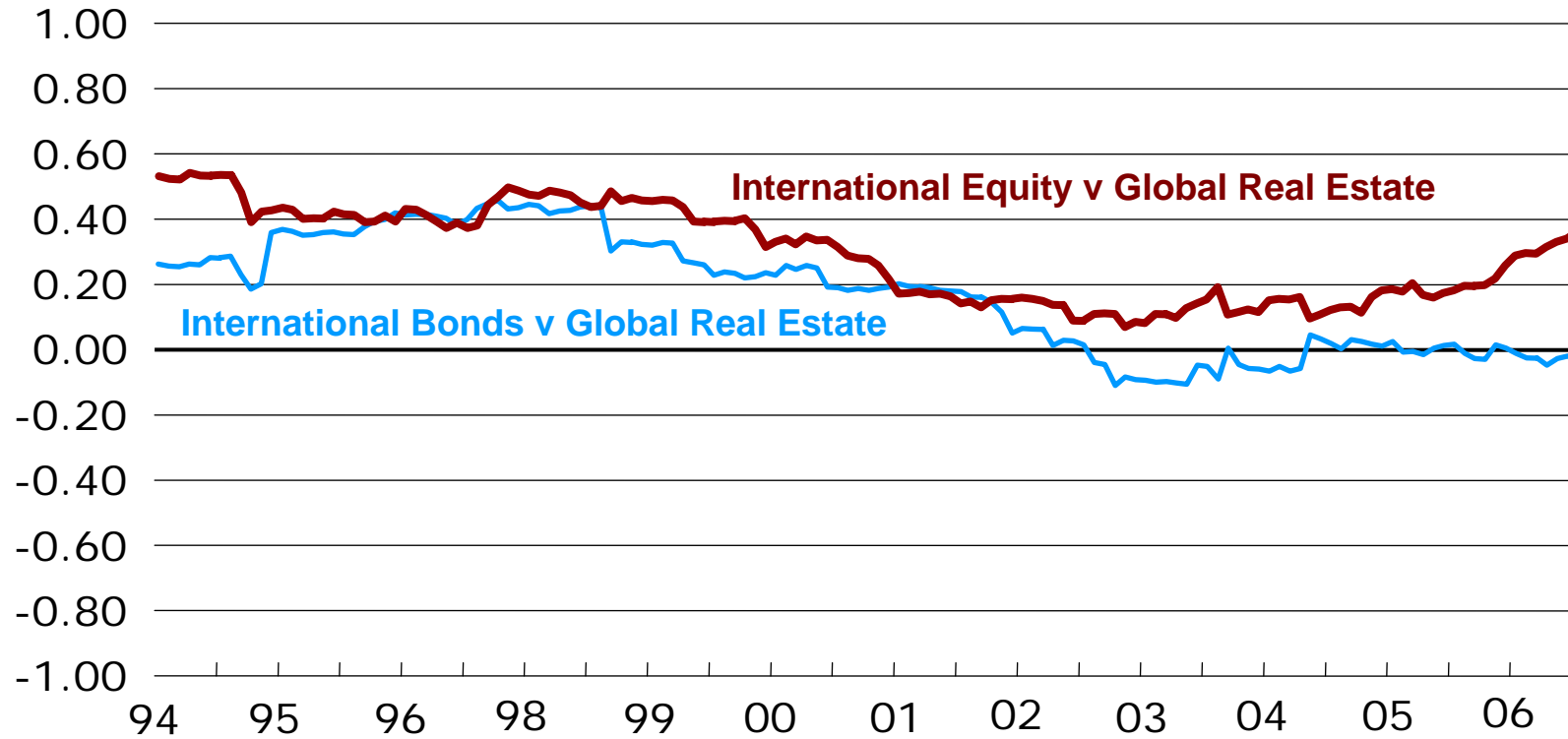
10 years to 30 June 2006



Source: AMP Capital Investors. Returns shown for the relevant market indices are before tax and fees and assume dividends reinvested. Please note that past performance is not a reliable indicator of future performance.

Low correlation with shares and bonds

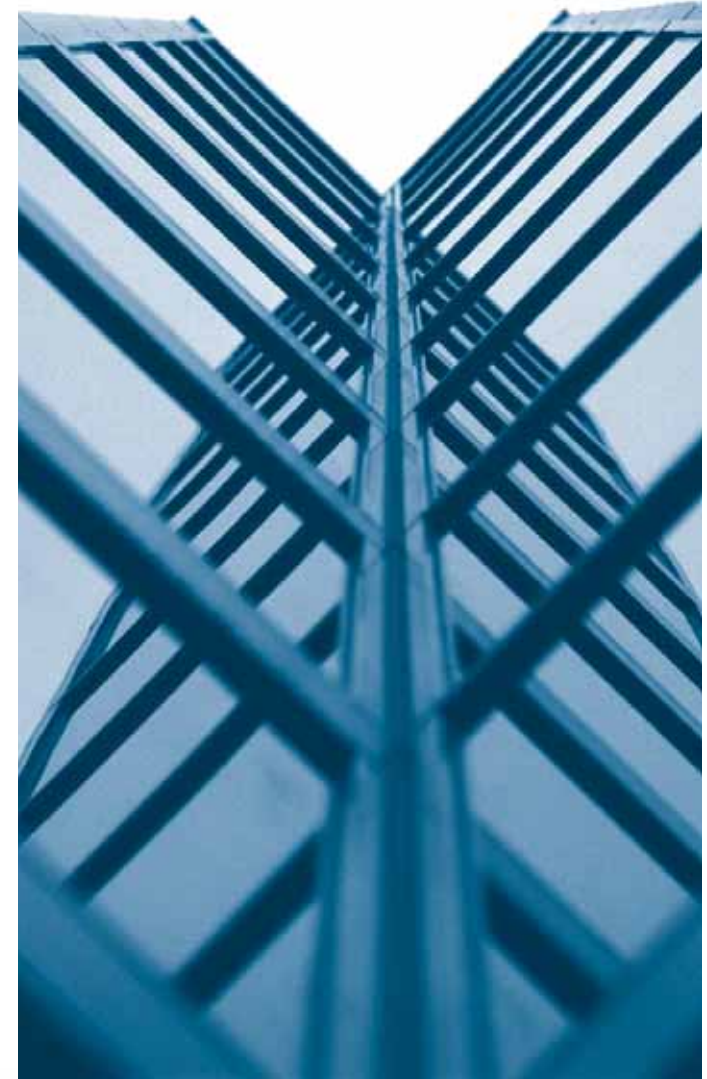
Rolling 5 Year Asset Class Correlations



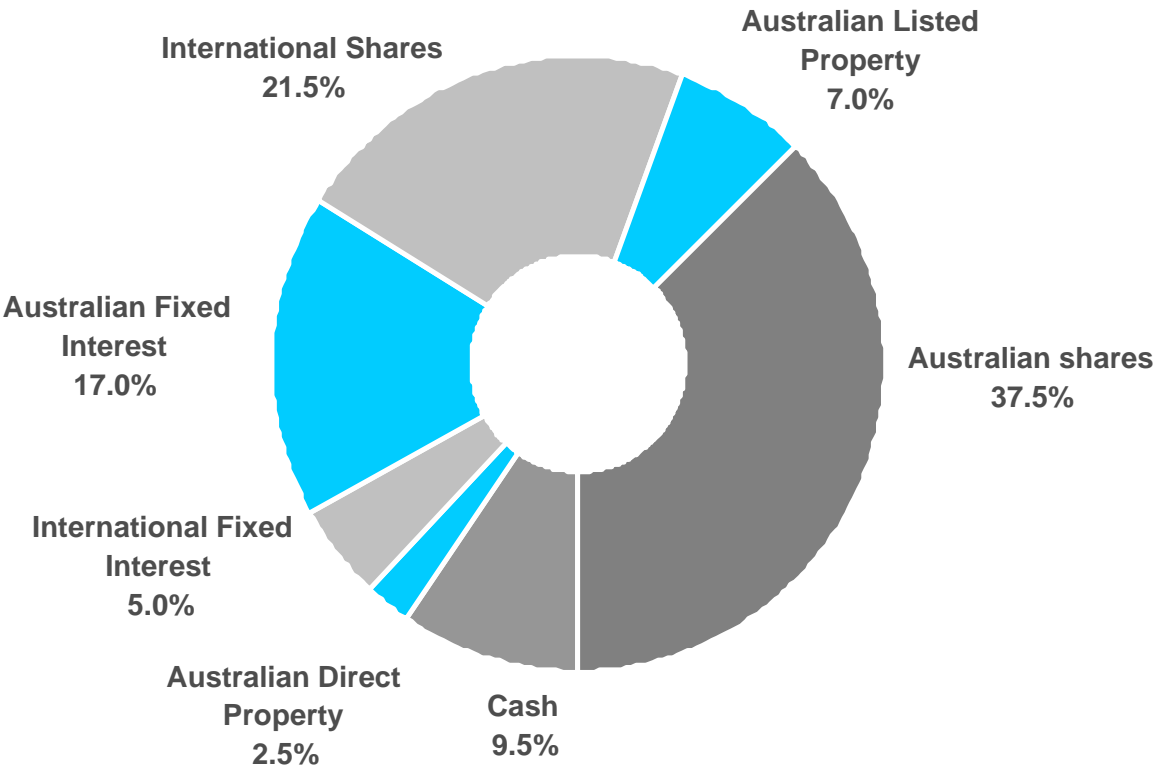
Source: AMP Capital Investors, MSCI, GPR Note: Correlations at 30 June 2006.

Our experience

- Market reaction
 - New asset class or not
 - What the market has done
 - How much to allocate
- Ex-ante or ex-post
- What the analysis shows



Typical balanced portfolio – last 10 years



Source: AMP Capital Investors. Chart shows the average manager allocation in the Mercer Pooled Fund Universe (Balanced) over 10 years to 31 May 2006

Where does global property fit within a typical balanced portfolio?

- Tested three optimisation scenarios using historical and forecast returns

Scenario 1

Substituting up to 10% global listed property from **one asset class at a time**

Scenario 2

10% global listed property from **growth assets** (excluding Australian shares)

Scenario 3

10% global listed property from **defensive and growth assets** (excluding Australian shares)

Research results

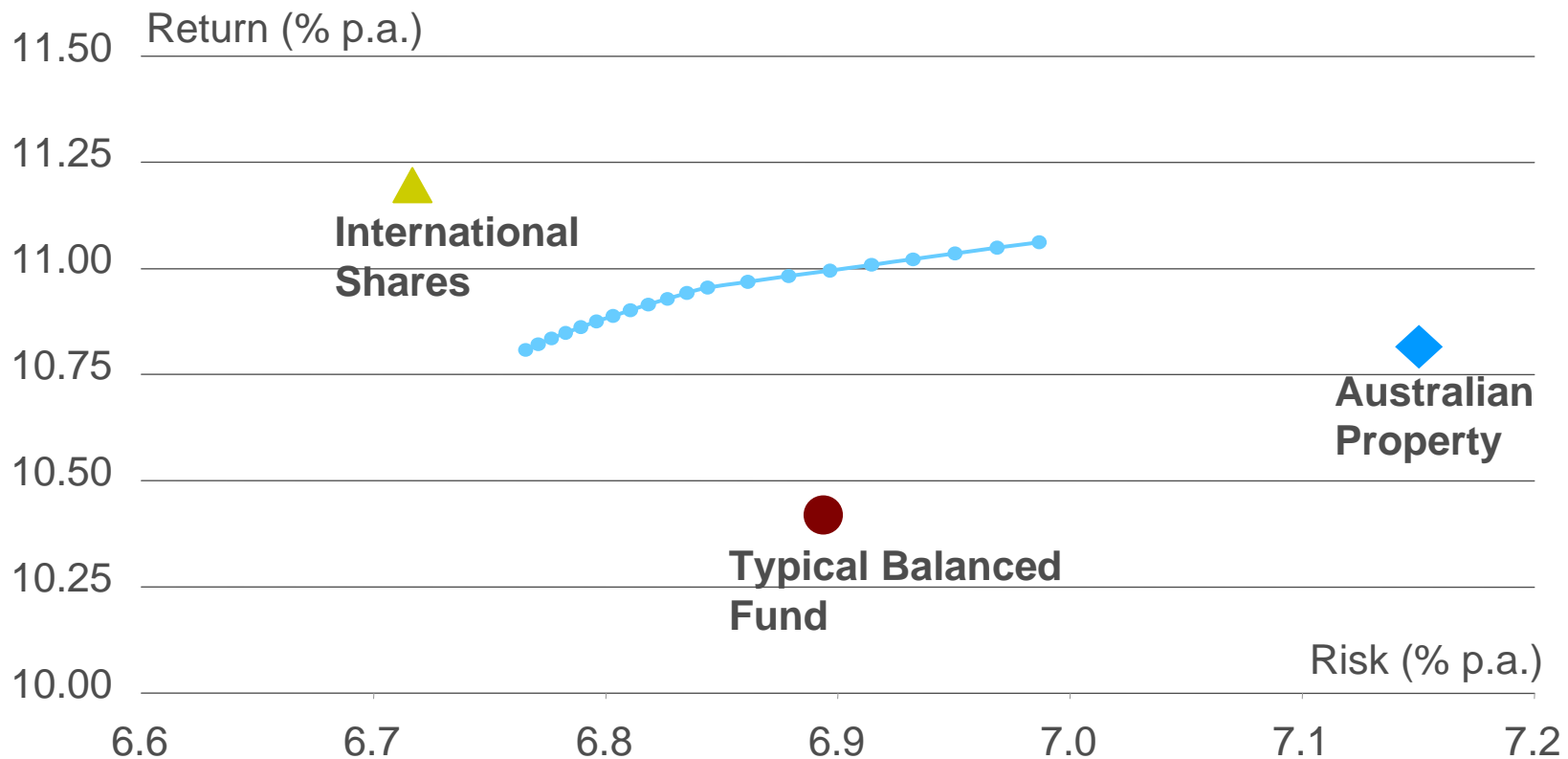
Historical (September 1992 to June 2006)	Portfolio risks (% p.a.)	Portfolio returns (% p.a.)	Sharpe Ratio
Scenario 1 (individual asset classes)			
Australian Property (LPTs + Direct Property)	7.15%	10.80%	0.7070
Australian Shares	6.47%	10.68%	0.7627
Bonds (Australian + International)	7.48%	11.25%	0.7359
International Shares	6.72%	11.20%	0.8113
Scenario 2 (growth assets only)	6.86%	10.97%	0.7610
Scenario 3 (growth & defensive assets)	7.04%	11.23%	0.7782
Without Global Listed Property	6.89%	10.42%	0.6776

Medium-term forecast	Portfolio risks (% p.a.)	Portfolio returns (% p.a.)	Sharpe Ratio
Scenario 1 (individual asset classes)			
Australian Property (LPTs + Direct Property)	7.67%	7.96%	0.3206
Australian Shares	7.12%	7.87%	0.3320
Bonds (Australian + Int'l)	8.27%	8.34%	0.3438
International Shares	7.45%	8.06%	0.3431
Scenario 2 (growth assets only)	7.52%	8.01%	0.3331
Scenario 3 (growth & defensive assets)	7.82%	8.19%	0.3447
Without Global Listed Property	7.76%	7.97%	0.3176

Source: AMP Capital Investors. Returns shown for the relevant market indices are before tax and fees and assume dividends reinvested. Please note that past performance is not a reliable indicator of future performance.

Research results: Scenario 2 (historical) – optimised portfolio from growth assets

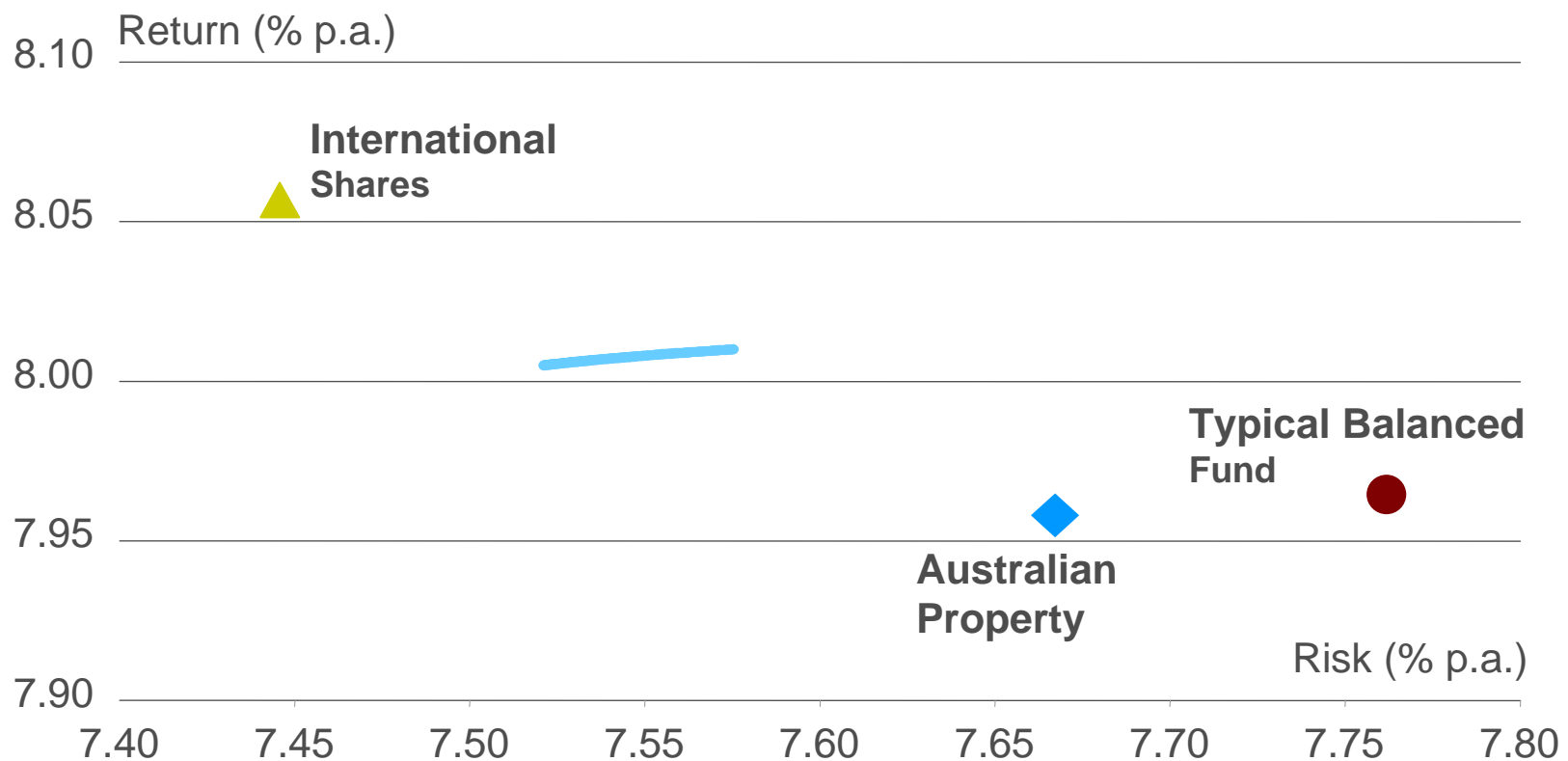
Efficient frontier substituting up to 10% GLPS in a typical balanced portfolio.
September 1992 to June 2006



Source: AMP Capital Investors. Returns shown for the relevant market indices are before tax and fees and assume dividends reinvested. Please note that past performance is not a reliable indicator of future performance.

Research results: Scenario 2 (forecast) – optimised portfolio from growth assets

Efficient frontier substituting up to 10% GLPS in a typical balanced portfolio.
Medium-term forecast



Source: AMP Capital Investors. Returns shown for the relevant market indices are before tax and fees and assume dividends reinvested. Please note that past performance is not a reliable indicator of future performance.

Conclusion: How much and where from?

Whether historical or projected returns are used, an allocation of at least 10% global listed property has the potential to significantly improve the risk and return profile of a typical balanced fund.....

but there are some key issues.

Key issues

- Current allocations to property – are they right?
 - Unconstrained optimised portfolio – a much higher weight to property
- Are the characteristics of property the same all around the world
 - Securitised property versus broader definition
 - Yield differences
 - Volatility

AMP Capital Global Property Securities Fund

- Since inception (1 Oct 2002) 31.42% pa to 30 June 2006*
- Benchmark – UBS Global Real Estate Investors Index (\$A Hedged)
- Fully hedged to A\$
- Available via platforms
 - Asgard, AXA Summit, BT Wrap & SuperWrap, IOOF Portfolio Service, IPAC, Macquarie Wrap & Accumulator, Mercer Portfolio Service, MLC MasterKey Custom, Navigator, Oasis, PortfolioCare, Portfolione, Summit, Symetry
- Available off platform



Regional expertise, global approach

*Source: AMP Capital Investors. Returns shown are before tax and fees and assume dividends reinvested. Please note that past performance is not a reliable indicator of future returns.

Summary

- Property securities markets are changing
- Need global exposure to capture potential growth and opportunity
- Portfolio construction methodology strongly supports this
- Historically LPT allocation split between domestic and global property
- Going forward should look at exposure funded from international shares

Important note

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Important note (continued)

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Gizmo time

Which session are you in?

6. Tyndall

7. AMP Capital Investors

8. Schroders

9. Nicholas Applegate/Allianz
Global Investors

10. Challenger Financial Services

Gizmo time

Please rate the overall quality of this session...

1. awful
2. Poor
3. Mediocre
4. Good
5. Very good
6. Great!



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