

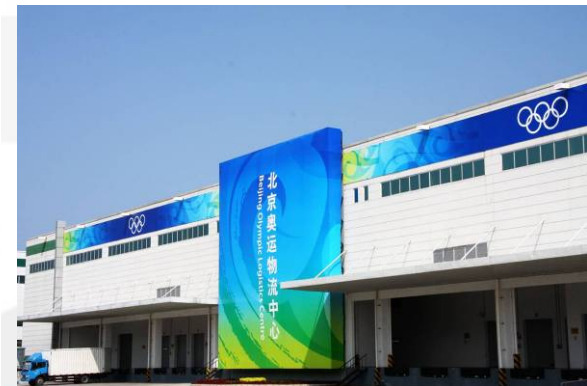
**Global Logistic  
Properties**

普洛斯



# Investor Presentation

29 April, 2011



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# Agenda

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**GLP Overview**

Opportunities in Chinese Market

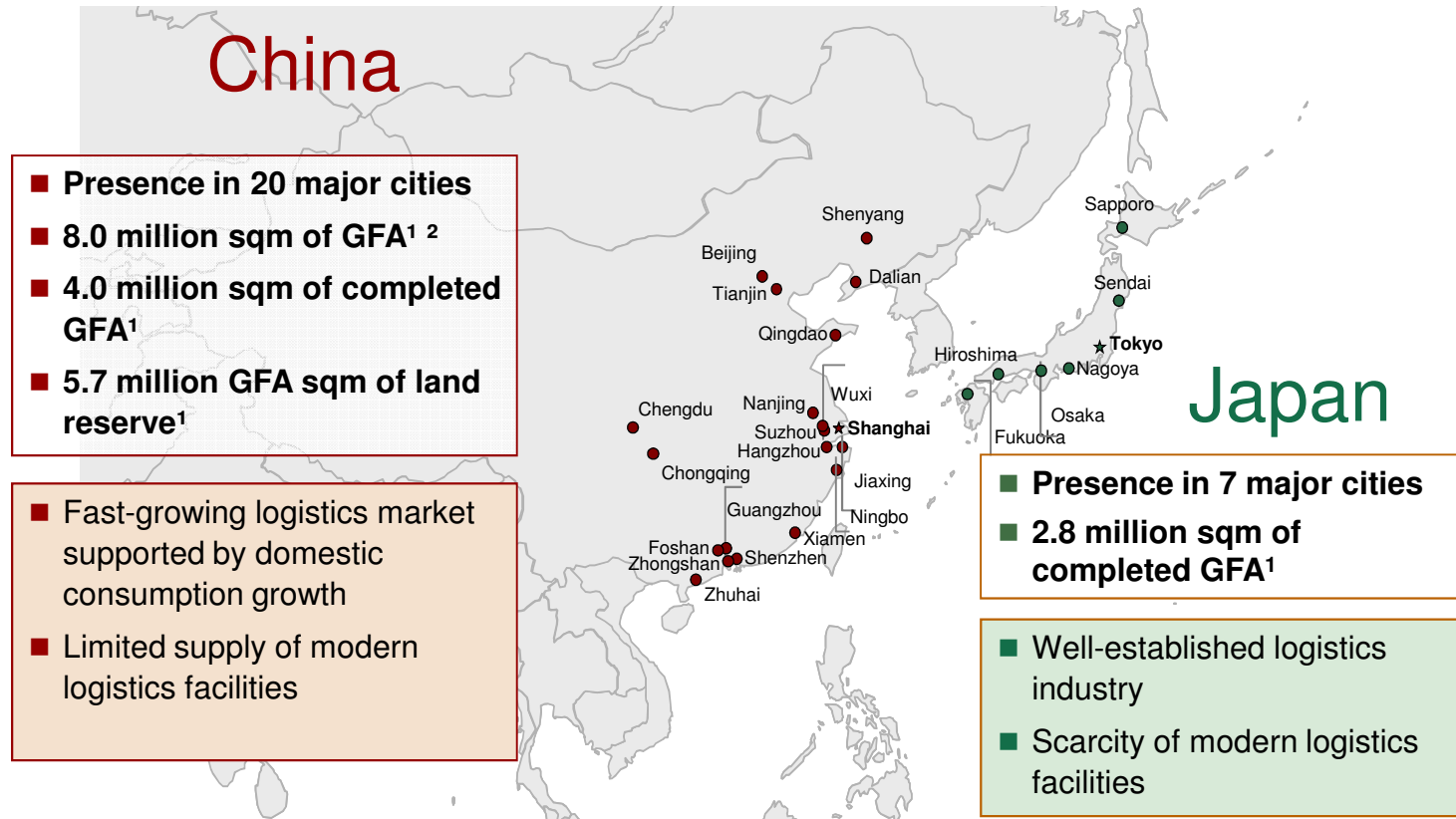
Opportunities in Japanese Market

# Global Logistic Properties Overview

- Asia's largest industrial and logistics infrastructure provider
- Operating across 26 distinct markets in Asia, with a multi-billion dollar asset portfolio
- Provides the best solution of logistics infrastructure for International and China domiciled companies across all industries



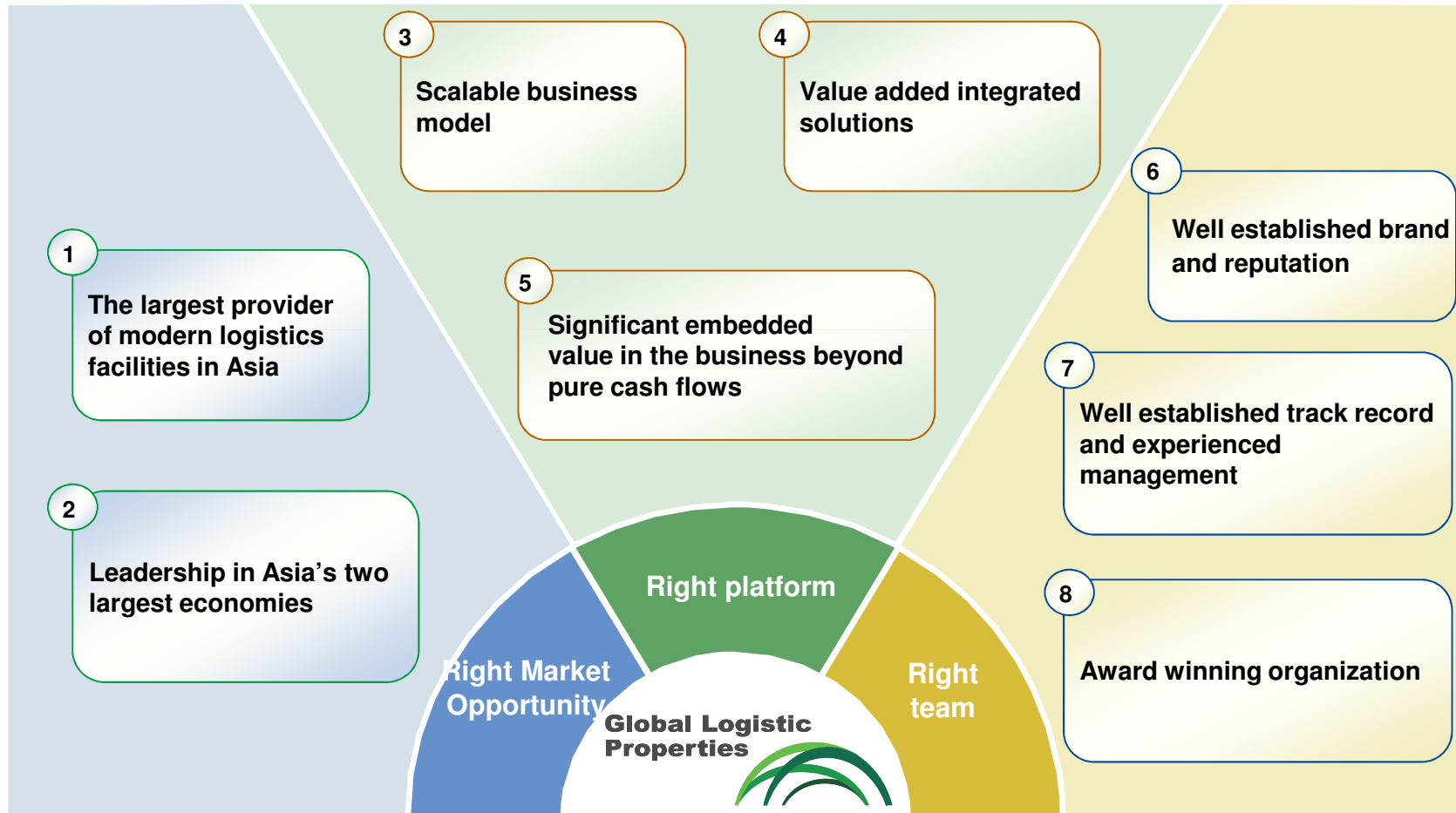
# Extensive network of modern logistics facilities in Asia



**We develop, own, manage and lease logistics facilities in the fast growing and well-established logistics markets in Asia**

Notes: (1) As of March 31, 2011. (2) Include GFA for completed and stabilized properties, completed and pre-stabilized, properties underdevelopment or being repositioned, land held for future development and property and land held for sale.

# GLP's unique advantages



# Agenda

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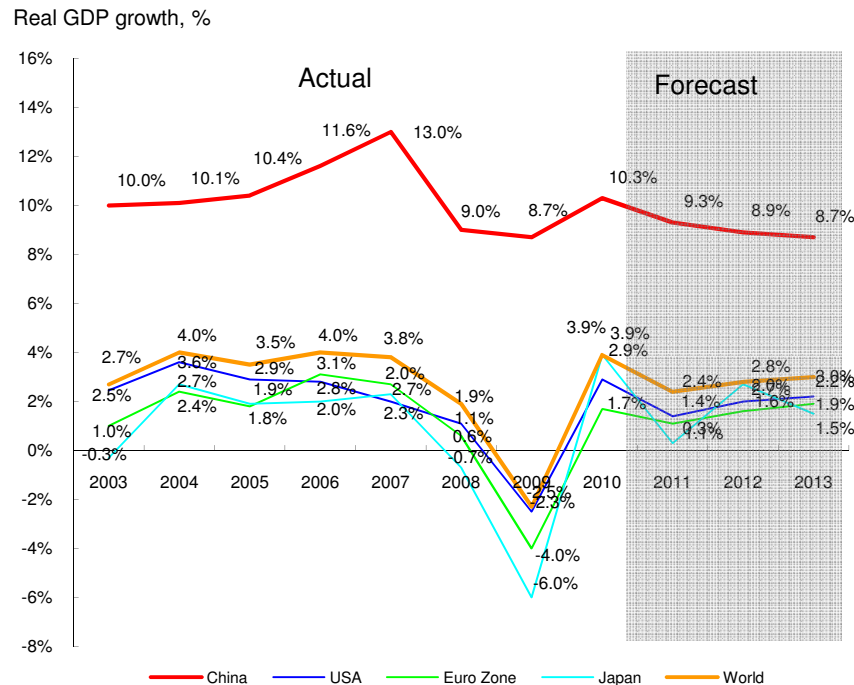
GLP Overview

**Opportunities in Chinese Market**

Opportunities in Japanese Market

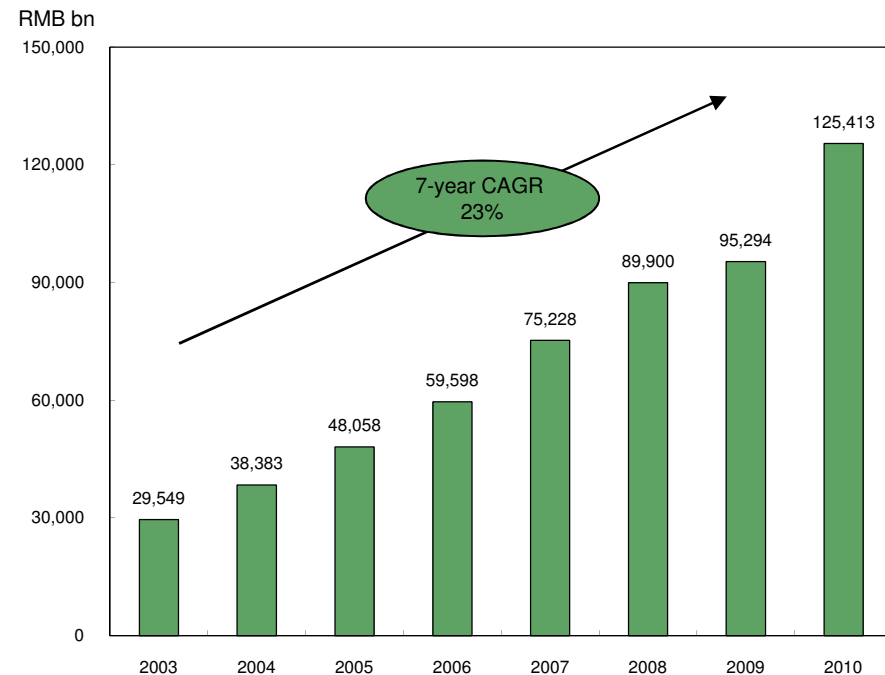
# Strong Chinese economy propelling rapid growth in logistics industry

**GDP Growth of Major Economies (2003-2013)**



Source: Consensus Forecasts; China Federation of Logistics and Purchasing

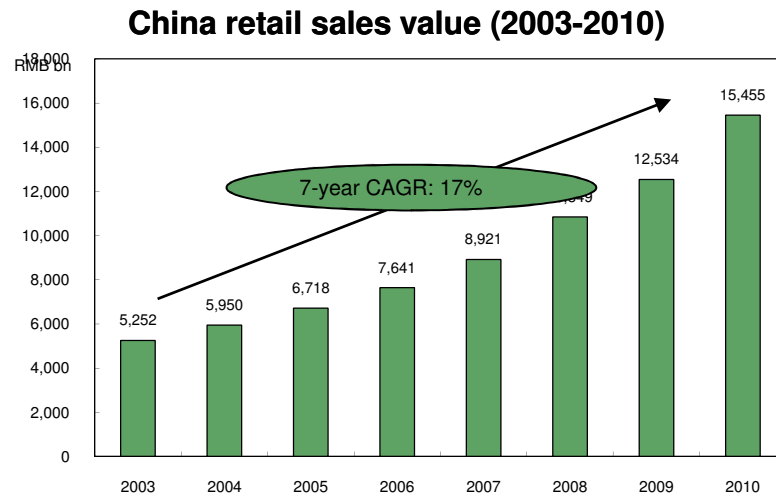
**Total Logistics Value of China (2003-2010)**



Note: Total logistics value represents the total value of products using the logistics services

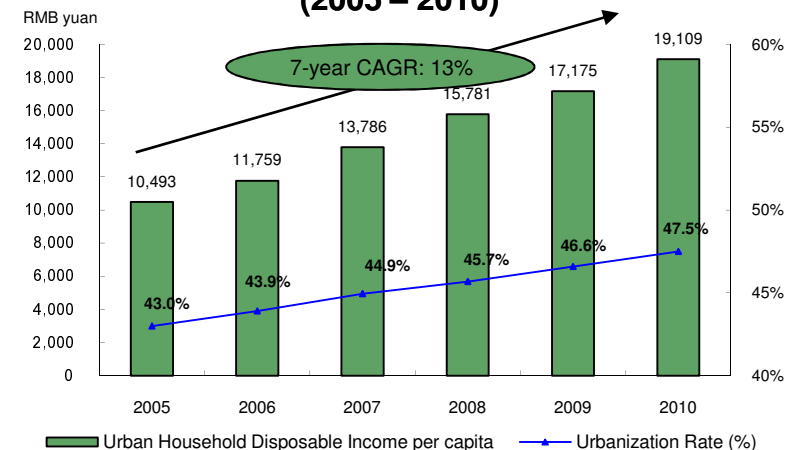
- China's GDP growth has consistently surpassed the rest of the world
- Total logistic value grew by CAGR of 23% over last 7 years

# Domestic consumption a key driver of China's economy



Source: National Statistics Bureau of China

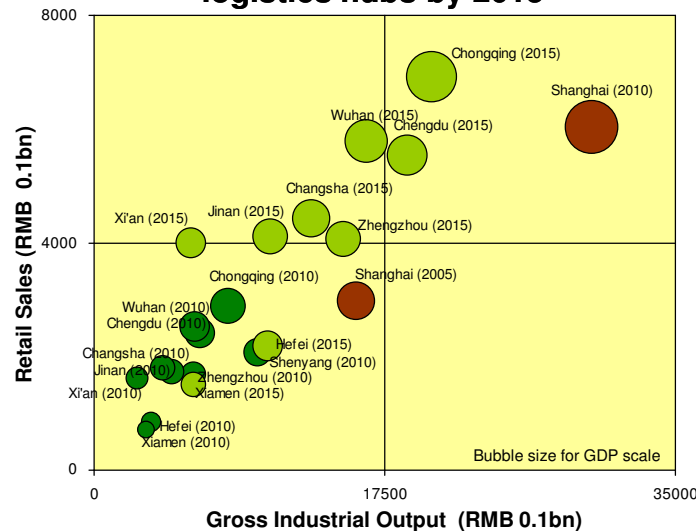
**Urbanization rate and Urban household income (2005 – 2010)**



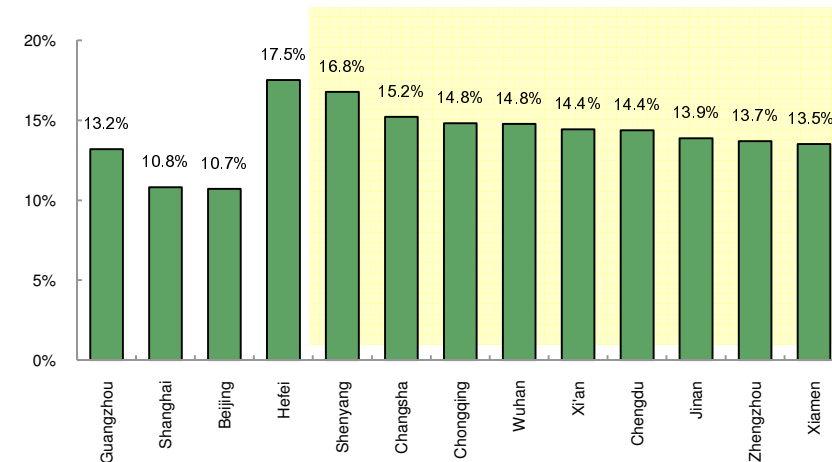
- Retail sales in China has outpaced GDP growth
- Acceleration in urbanization trends boosting domestic consumption
- Government focused on making domestic consumption the growth engine of the economy
- Immense potential in China domestic consumption to be unleashed as rising per capita household income reaches inflexion point
  - Income per capita in coastal provinces has surpassed USD5000, triggering increased consumption of cars and other durable goods

# Fast-growing inland economies spurring inter-regional logistics activities

**Economy size projection for major inland logistics hubs by 2015**



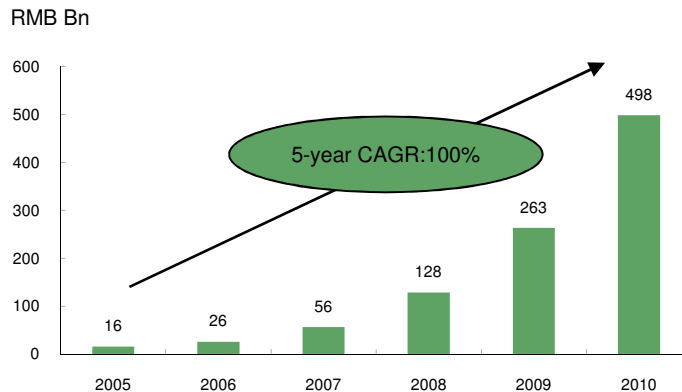
**5-year average GDP growth (2006-2010) for major cities in China**



- Balance of economic growth shifting from the coastal provinces to inland areas
  - Projected 2015 retail sales of major inland cities, such as Chengdu, Chongqing and Wuhan, will reach that of Shanghai in 2010
- 2<sup>nd</sup> tier cities gaining significant economic scale
  - 2010 GDP of coastal provinces such as Jiangsu and Shandong equivalent to Australia <sup>(1)</sup>
- Inter-regional logistics activities to accelerate to facilitate the distribution and flow of consumer goods between inland and coastal areas

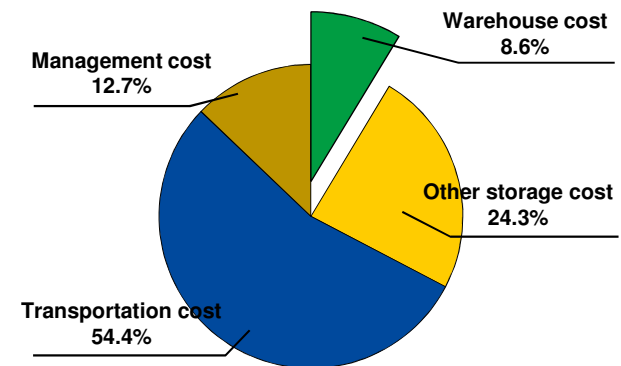
# Improving supply chain efficiency critical for companies to capture growing demand

2005-2010 online retail sales in China



Source: Ministry of Commerce

Warehouse cost in China's total logistics expenditure



Source: China Logistics and Purchase Federation

- Changing consumer behavior driving growth of on-line retailers
  - On-line retail sales has doubled every year since 2005 (5-year CAGR of 100%)
  - Online retail volume made up 3.3% of the total retail sales in 2010 <sup>[1]</sup>
- Asset-light strategy and outsourcing trends become prevalent as companies focus on core competence in marketing and supply chain management
- Companies upgrading their logistics facilities to drive cost savings in transportation and other storage costs

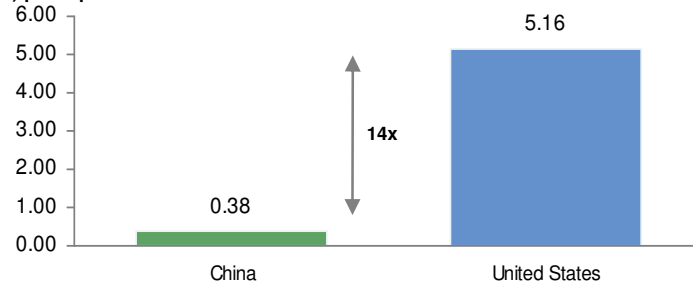
Note:

[1] Special Planning for Development of Trade Logistics and Guideline to the Healthy Development of Online Retail released by Ministry of Commerce

# Shortage of modern logistics facilities a bottleneck to retailing and distribution

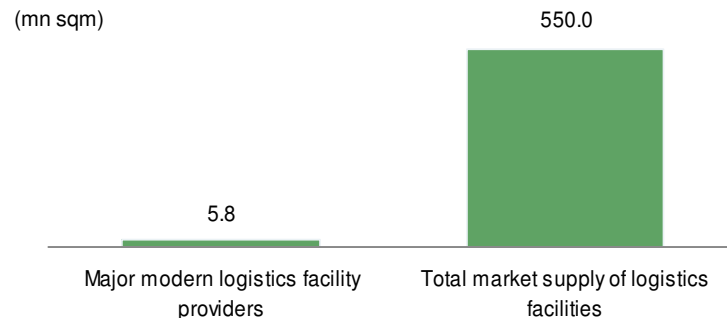
## Current supply of logistics facilities in United States is ~14 times that of China

Warehouse stock: GFA (sqm) per capita



Source: China Association of Warehouses and Storage; CB Richard Ellis estimates; CIA The World Factbook

## Major modern logistics facility providers account for less than 1% of total market supply



Source: Transport intelligence and CB Richard Ellis

## Limited supply of modern logistics facilities in China

	Interior	Exterior	Characteristics
Modern			<ul style="list-style-type: none"> <li>Wide column spacing</li> <li>Large floor plates</li> <li>High ceilings</li> <li>Modern loading docks, enhanced safety systems and other value-added features</li> </ul>
Middle			<ul style="list-style-type: none"> <li>Some are converted from factories</li> <li>Insufficient clear height and lack of loading docks</li> <li>Lack of office space</li> </ul>
Low-end			<ul style="list-style-type: none"> <li>Poor construction condition</li> <li>Restricted vehicle accessibility</li> </ul>

More than 70% of total warehouse stock in China was built before the 1990s with over 75% unable to serve current logistics requirements and facing demolition amid urbanization

# Market calls for facility providers with scalable business model



As of Mar 31, 2011

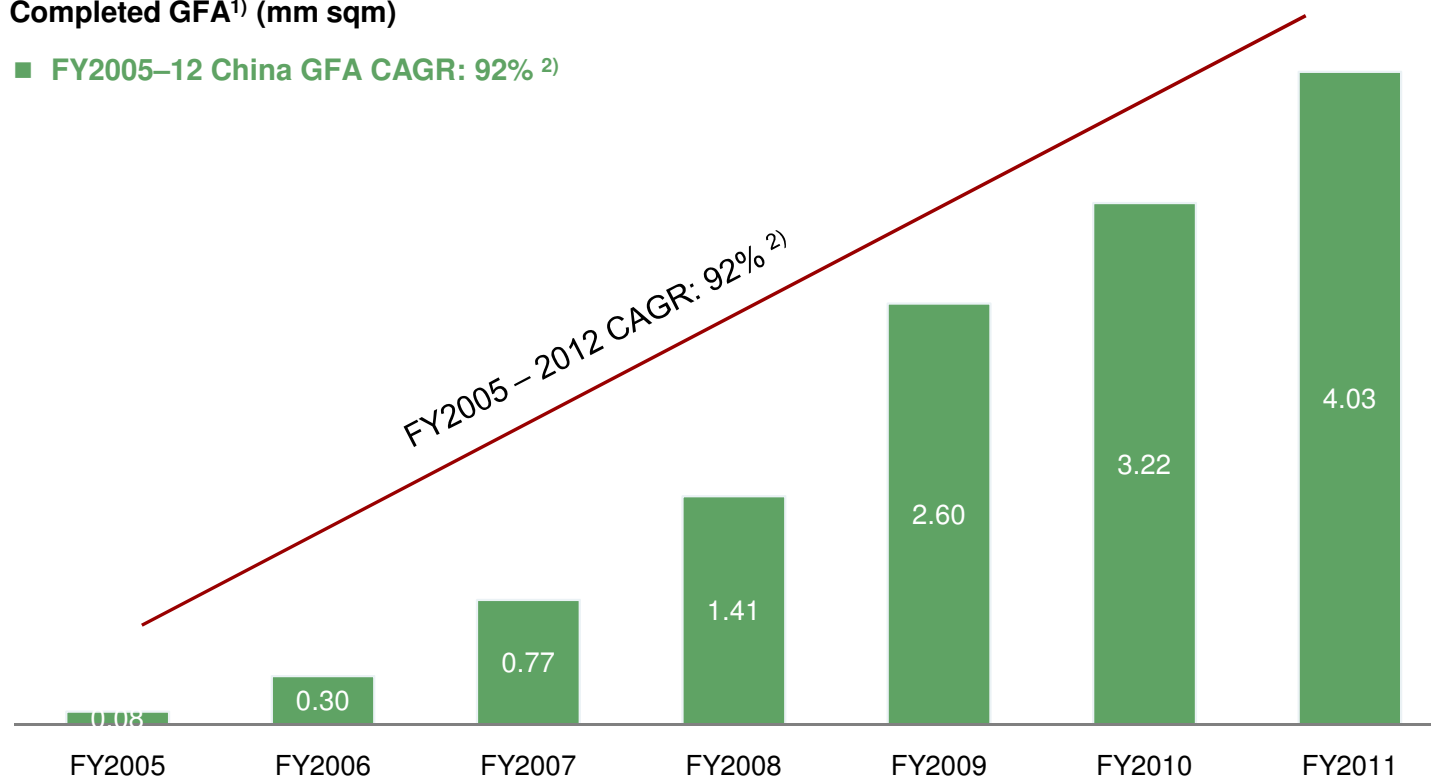
Source: Broker's report, GLP analysis

- Majority of existing providers of modern logistics facilities face restrictions hindering their long-term growth
  - Local government backed developers lack operational expertise or ability to expand national network
  - Many foreign investors struggle with localization of Chinese operations
- Large scale players with good track record, such as GLP, possess competitive advantages in accessing logistics sites
- Logistics facility supply falling short of demand as reflected by high occupancy and rental growth

# Portfolio growth of GLP China

## Completed GFA<sup>1)</sup> (mm sqm)

■ FY2005–12 China GFA CAGR: 92%<sup>2)</sup>



### Notes:

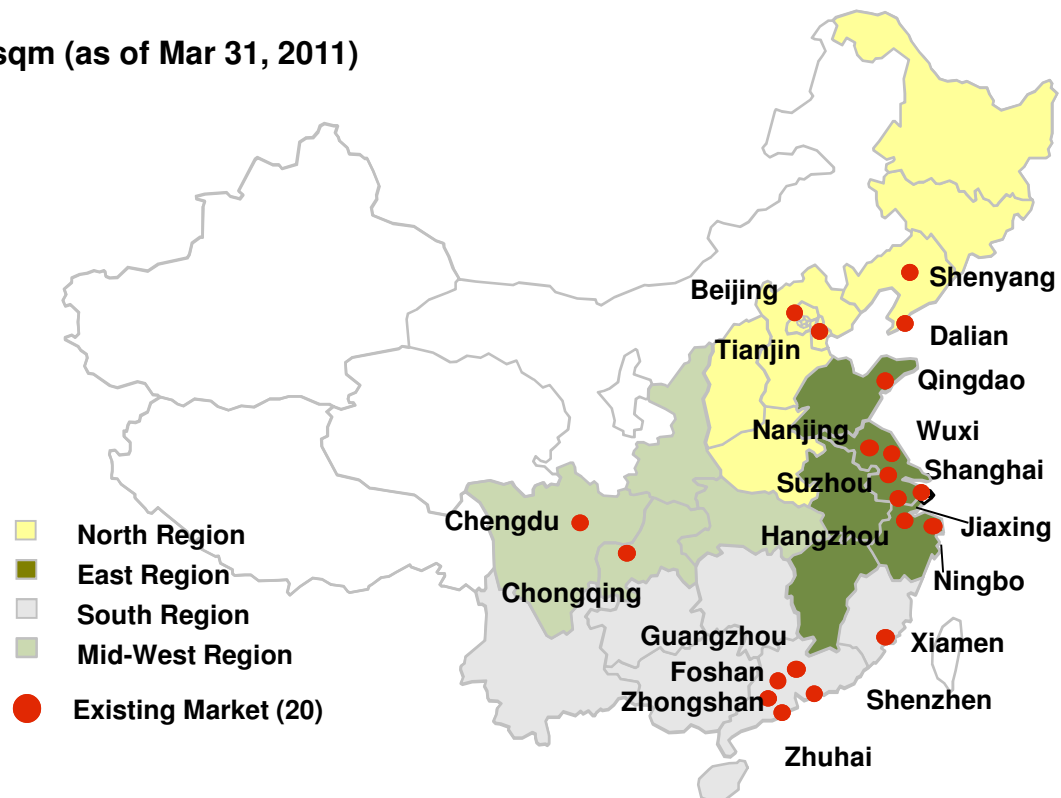
1) Exclude GFA attributable to BLOIS;

2) For the period from April 1, 2005 to March 31, 2012

# Overview of GLP China

## GLP China

Year operations started :	2003
Headquarters:	Shanghai
Presence:	20 major cities
Number of parks:	60+
Total Portfolio GFA*:	8.0 mn sqm (as of Mar 31, 2011)



*Note: Include GFA for completed, properties underdevelopment or being repositioned, and land held for future development*

# Market conditions and GLP's experience in China

## GLP strategy



### Phase I: 2003-2005

- Capture production/export related demand
- Enter 1st-tier logistics hubs in most developed area
- Mainly focus on MNCs

Examples:

GLP Park Suzhou, GLP Park Lingang, etc.

### Phase II: 2006-2008

- Capture the increasing consumption related demand
- Expand portfolio in most developed area
- Increasing attention to demand from local customers

Examples:

GLP Beijing Airport, Hangzhou HEDA etc.



### Phase III: 2009 onwards

- Focus on consumption related demand of 1st-tier markets
- Following customers to strengthen presence in high-potential regional hubs
- Expand customer base by capturing demand from both MNCs and local companies

Examples:

GLP Songjiang, Chengdu Hi-tech, etc.



## Market condition

- As the "world factory", China enjoys rapid growth of exports and production
- Coastal regions benefited most from international trade
- Increasing demand for logistic facilities from MNCs

- Domestic consumption gaining scale and require modern logistics in coastal area
- Production/export increase in most developed cities
- Increasing demand for facility upgrade from more sophisticated local 3PLs /manufacturers

- China's strong consumption in the long term
- Accelerated industrial migration to inland markets
- Customers extend logistics network to regional logistics hubs
- Limited high-end supply in regional logistics hubs

# Strong customer base built through commitment to excellence

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L'ORÉAL



- More than 300 high-profile tenants from 3PL, retailers and manufacturers
- Multi-national companies account for 60% of leased area while local customers continue to rise
- New demand driven equally by both existing tenants and new customers

# Capturing opportunities emerging from on-line retailers

Joyo Amazon	VANCL	VIPshop
4 locations	3 locations	2 Locations
		
360buy	Yihaodian	Muyingzhijia
1 location	1 location	1 location
		

- Established first-mover advantage with major leading online retailers
- Deepening partnership with leading players, such as strategic alliances agreement with VANCL
- Market leadership in specialized logistics park for e-commerce, such as GLP Park Chengdu Hi-tech Phase II

# Growing with our customers



## Deppon Logistics

(7 locations)  
**Local 3PL**

Value to customers

Easy network expansion

Ensured operation continuity

**Yum!**

(4 locations)  
**Retail/food**

Efficiency improvement & cost saving

**GLP Solutions**

Prime location  
DC design  
Quality/services  
Network  
Resources

Co-branding effects

Partner facilitating resource integration

CAPEX saving

## Shanghai GM

(1 location)  
**Auto & parts**

## Joyo Amazon

(4 locations)  
**On-line Retail**

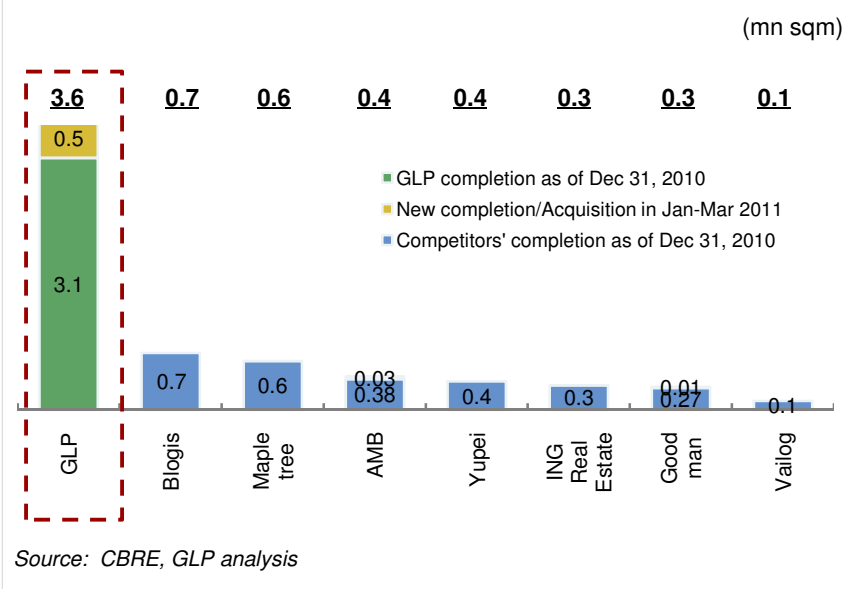


- “Network effect” to support our customers’ national expansion
- Robust build quality and proactive services ensures customers’ operational continuity
- Opportunities for co-branding initiatives with customers

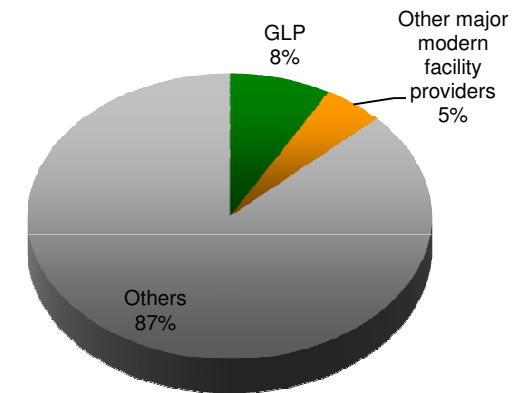


# Market remains fragmented with huge growth potential

## GLP's market leadership in the modern logistics facilities segment in China (by completed GFA)



## Fragmented modern logistics facility market



Note: Logistics facility only, GLP Genway Industrial Park excluded; Repositioning Park Jinqiao included as logistics park available for leasing

- GLP is the undisputed market leader in modern logistics in China
- The Chinese logistics market remains fragmented, providing huge growth opportunities for GLP

# Agenda

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GLP Overview

Opportunities in Chinese Market

**Opportunities in Japanese Market**

# Japan economy outlook

## – Continuous recovery in Japan economy

- **Japan's economy is recovering**
  - GDP grew by 3.9% in 2010 and is expected to grow by 1.5% and 2.0% in 2011 and 2012 respectively based on the consensus forecast <sup>(1)</sup>
- **Increasing trading volume and improving industrial production** is contributing for the recovery of economy
  - Trading volume is increasing
    - Exports grew by 24.4% (y-o-y) over the whole of 2010, making the first annual expansion in three years
    - Continuous growth is expected due to the expansion of trading volume with Asian countries and recovery of the U.S economy
  - Indicating improvement in the economy
    - Industrial Production Index as of January 2011 improved by 2.4% from the previous month, which recorded three consecutive increase mainly due to the recovery of exports
    - Corporate earnings improved by 54% on year-to-year basis in July-September 2010, showing strong recovery especially in manufacturing industry
- **Bank of Japan continues accommodative monetary policy** with JPY 5 trillion fund to stimulate the market and JPY 50 billion allocation to J-REIT market boosts the share price of J-REIT
- **JPY interest rate is continuously in the lowest range** and is expected to remain low in near future (current JPY5Y LIBOR SWAP rate: 0.64%)

*Note: (1) Feb 2011 issue of Consensus Forecast*

# Japan real estate market overview

– Positive market outlook based on the improvement of market fundamentals

## ■ Liquidity is increasing in the Japanese real estate market

- J-REIT market is recovering
  - J-REIT Index has recovered to 1,130 as of 2010 year end, 25% growth in 2010
  - Price/NAV becomes “per” on average
  - Total issuance of J-REIT bond and PO during the 1Q 2011 is projected to be JPY150 billion, which is more than 50% of annual issuance volume in 2010
- Positive assessment by investors on the Japanese real estate investment opportunity
  - Foreign investors are returning, given the positive outlook of market fundamentals
- Lenders become asset-hungry and lending terms is getting favorable to borrowers

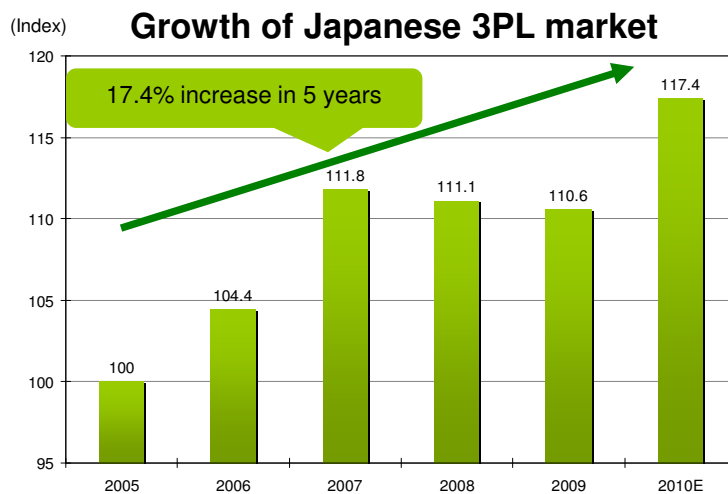
## ■ Historical low level of land and construction cost, both at level of 1980s

## ■ Market fundamentals is improving in the logistics real estate market

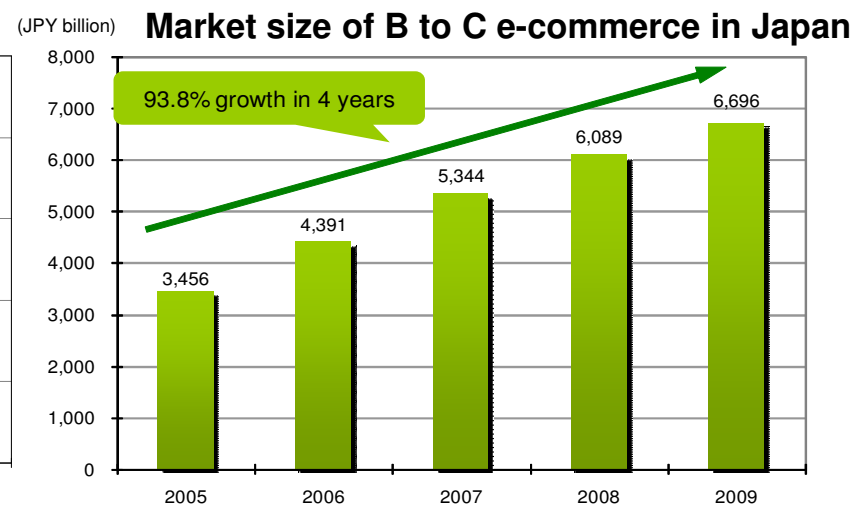
- Demand and supply is balancing due to limited supply
- Vacancy rate continues to decrease in major markets such as Greater Tokyo area and Greater Osaka area from March 2010 to December 2010
- New leases in Greater Tokyo area and Greater Osaka area increased in 2010, the first improvement from previous year after 2007
- Rent level is expected to bottom out in prime areas
- 3PL continues to be a major demand driver followed by the strong growth of e-commerce industry and the continuous consolidation demand from FMCG industry

# Customer dynamics in Japan

- **3PL business continues to grow** based on continuous cost reduction demand from manufactures/retailers
  - 3PL market has grown by 17.4% in 5 years
  - Sales from 3PL operation has been growing rapidly for logistics companies
- **Strong demand from e-commerce industry**, a fast growing sector
  - Internet/mail order service has grown by 94% in 4 years
  - Sales of e-commerce business has reached more than JPY 7 trillion and has oversized the sales of department store in 2010
- **Stable demand from domestic consumption related industries** (FMCG, apparel and pharmacy)
- **Strong expansion demand from existing customers**, especially in internet/mail order industry



Source: Logi-Biz (Logistics Business, Sep. 2010 issue)



Source: Ministry of Economy, Trade and Industry "e-Commerce Market Survey"

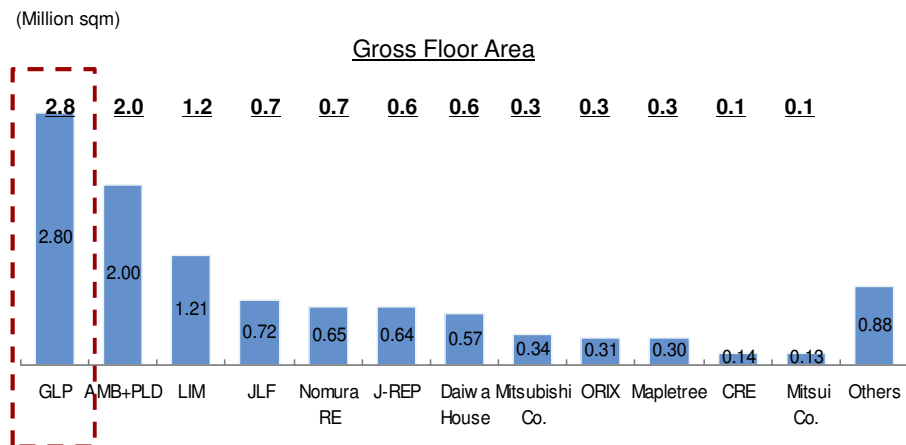
# GLP market share in Japan

## Keeping leading position on market share (GFA basis)

- 27% share in modern logistics facility
- 42% larger than the second competitor and 47% larger in Greater Tokyo area and Greater Osaka area

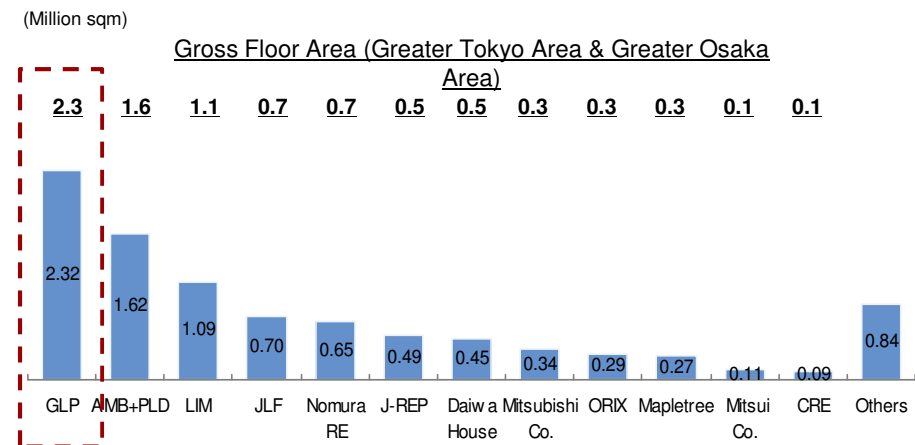
### GLP's market leadership in the modern logistics facilities segment in Japan (by GFA)

■ Completed portfolio as of Dec 31, 2010



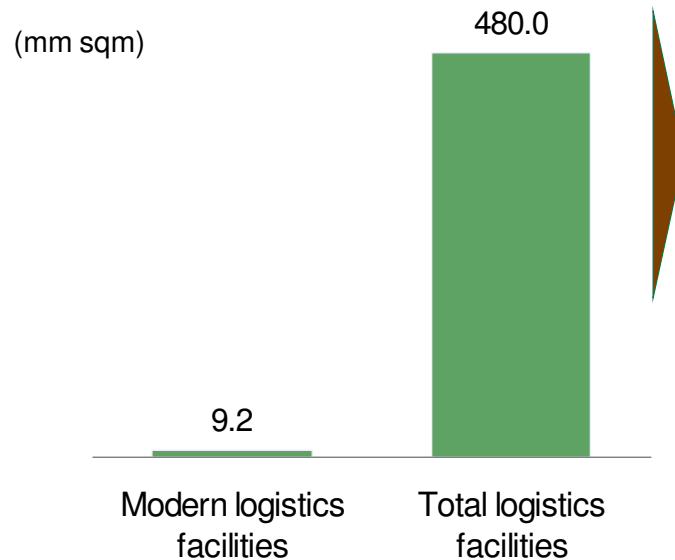
Source: GLP

■ Completed portfolio as of Dec 31, 2010



# Structural changes in Japan favour GLP

## Modern logistics facilities in Japan are scarce<sup>1</sup>



Source: JLL  
<sup>1</sup> On a GFA basis

## Existing logistics facilities in Japan not built to modern standards

Existing logistics facilities



- Small-sized buildings
- Functionally obsolete

Modern logistics facilities



- Large-sized buildings
- Superior efficiency

**Scarcity of large, modern and efficient logistics facilities for lease**

**Continued trend in outsourcing logistics**

# Thank you

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