



# 2008

# MID YEAR UPDATE

## Dates to remember

<b>June Quarter Distribution Paid</b>	26 September 2008
<b>September Quarter Distribution Announced</b>	29 October 2008
<b>September Quarter Distribution Paid</b>	27 November 2008
<b>2008 Annual Results</b>	February 2009
<b>December Quarter Distribution Announced</b>	February 2009

## Overview

Further to correspondence to investors in July 2008, the Mid Year Update provides an update on the Group's performance to 30 June 2008 as well as an update on GPT's strategy which will see the Group focus strategically on its traditional strengths in the ownership, management and development of high quality Australian real estate.

## Strategy

Reflecting a view that prevailing market conditions will continue for some time and are likely to result in the Australian Real Estate Investment Trust sector undergoing significant structural change, the Group will pursue a number of strategic initiatives, including a renewed focus on the Group's core Australian operations in the retail, office and industrial/business park sectors and an exit from non-core investments.

These initiatives include:

- Exiting non-core assets such as the Hotel/Tourism Portfolio, the Homemaker Portfolio and Floreat Forum Shopping Centre, all of which are currently for sale;
- Seeking to divest assets warehoused for European Funds; and
- Exploring options to reduce GPT's investment in the US Seniors Housing portfolio over time.

In addition, the Group will adopt a more conservative approach to capital management, including the retention of development profits and a portion of other earnings on an ongoing basis (as announced

in July). GPT is targeting a look through gearing ratio of less than 40% over the medium term.

The strategic initiatives outlined above will result in a simplified business and a more conservative financial structure reflective of the current economic environment.

## June Quarter Distribution

Investors will receive a distribution of 4.2 cents per security for the June 2008 quarter (a total of 11.4 cents per security for the half). This comprises a Trust Distribution of 4.2 cents. There was no Company Dividend payable for the period.

The GPT Group Distribution Reinvestment Plan will apply to the June quarter distribution. A discount of 1.5% will be applied in calculating the issue price for stapled securities in respect of this distribution.

## Financial Summary

In the six months to 30 June 2008, the GPT Group delivered realised operating income of \$234 million and distributed 11.4 cents per security. While down on the 14.3 cents distributed in the six months to June 2007, the payment is in line with the Group's revised guidance provided in July 2008.

GPT remains in a stable financial position, with gearing levels within policy ranges and targeted methods to reduce gearing further over the next 6-12 months. The Group expects to generate nearly half a billion dollars in realised operating income this year.

## Financial Position

Total assets at 30 June 2008 of \$13.9 billion include GPT's investments located across Australia in the retail, office, industrial/business park and hotel/tourism sectors and investment in the US Seniors' Housing sector and Joint Venture Fund.

GPT's total assets reduced by 0.7% (\$97 million) against December 2007, as a result of non-cash asset value movements and the non-cash writedown of goodwill associated with the Group's European Funds Management business, GPT Halverton.

GPT's core Retail, Office and Industrial/Business Park Portfolios increased in value by approximately \$84 million, with solid income growth largely offsetting softer capitalisation rates and the reduction in value of GPT's Hotel/Tourism Portfolio which fell by \$83 million during the period.

At 30 June 2008 GPT's headline borrowings, of \$5.2

billion, included Australian, US and Euro denominated debt. GPT's headline gearing of 37.3% and 46.7% gearing on a 'look through' basis is comfortably within the Group's policy range of 30-40% and up to 50% respectively. The current effective interest rate across GPT's debt is 5.30% (after fees and margins) and the weighted average term is 3.5 years. GPT has approximately \$1.1 billion of funding requirements over the next 12 months, and \$1.4 billion of cash and other committed funding sources, with non core asset sales and the expected return of \$163 million of capital from the Joint Venture in January 2009 providing additional funding flexibility.

Net Total Assets per security declined by 4.9%, to \$3.68 at 30 June 2008, a decrease of 18 cents per security on the 31 December 2007 figure. The allocation between the Trust Unit and GPT Management Holdings Limited Share is \$3.69 and -\$0.01 respectively.

## Financial Highlights at 30 June 2008

	HY08	HY07	Change
<b>Realised operating income</b>	<b>234</b>	<b>297</b>	<b>(21%)</b>
Change in value of investment portfolio (non-cash)	(222)	305	
Goodwill impairment (non-cash)	(122)	-	
Other adjustments (non-cash)	42	136	
<b>Reported net profit / (loss) <sup>1</sup></b>	<b>(68)</b>	<b>737</b>	<b>(109%)</b>
Distribution per security (cps)	11.4	14.3	(20%)
	<b>30 Jun 08</b>	<b>31 Dec 07</b>	
<b>NTA per security</b>	<b>3.68</b>	<b>3.86</b>	<b>(5%)</b>

The \$222 million net reduction in valuations for GPT's property portfolio reversed a trend in recent years of significant growth in asset values, and, coupled with the \$122 million writedown of goodwill associated with GPT Halverton, was primarily responsible for the disparity between the Group's underlying realised operating income of \$234 million and the \$68 million statutory reported loss. By way of comparison, the Group's net statutory profit in the previous corresponding period was \$737 million, comprised of \$297 realised operating income and adjustments of \$440 million (primarily related to valuation uplifts in GPT's investment portfolio).

GPT's price performance continued to fluctuate in line with market volatility, with GPT Securities closing at \$2.22 on 30 June 2008.

GPT's full year accumulation return (security price movement and income) for the year to 30 June 2008 of -48.5% (below the S&P/ASX Property 200 Accumulation Index return of -36.3%) reflected significant price volatility over the last six months.

# OWNERSHIP

## CORE DOMESTIC PORTFOLIO

### AUSTRALIAN **RETAIL** PORTFOLIO



GPT's retail investment totals \$5.4 billion through assets held on the Group's balance sheet (\$4.6 billion) and a 40% investment in the \$2.2 billion GPT Wholesale Shopping Centre Fund (GWSCF).

Consisting of interests in 18 quality Australian shopping centres and 8 Homemaker City Centres, the GPT managed portfolio provides diversity, scale and a range of development opportunities to both GPT and GWSCF investors.

The Retail Portfolio has continued its strong performance over the period, with comparable income growth of 6.2% for the GPT owned assets and solid sales performance.

A major highlight of the first half was the very successful opening of Rouse Hill Town Centre in March 2008. The new retail asset is trading well and is expected to achieve its development return targets and has already received a number of awards, including the Lloyd Rees Award for Urban Design and the Banksia Awards' People's Choice Award.



Rouse Hill Town Centre

### AUSTRALIAN **OFFICE** PORTFOLIO



Citigroup Centre, Sydney

MLC Centre, Sydney

GPT's Office investment of \$3.3 billion includes a portfolio of assets held on the Group's balance sheet and a 40% investment in the \$3.2 billion GPT Wholesale Office Fund (GWOF).

The GPT owned Office Portfolio performed well in the first half of 2008, increasing income on the same period last year (on a comparable basis) by 7.4%.

Across the GPT managed Portfolio, the average lease term is 5.6 years (by area). The Portfolio is experiencing record occupancy levels, with 99% of space committed. The Portfolio has limited short-term expiry, providing long-term secure income with growth through leasing, fixed increases and market reviews.

Significant increases in valuations were achieved, with revaluations of \$127.6 million (a 4.1% increase) across the GPT owned office assets and the Group's equity in GWOF.

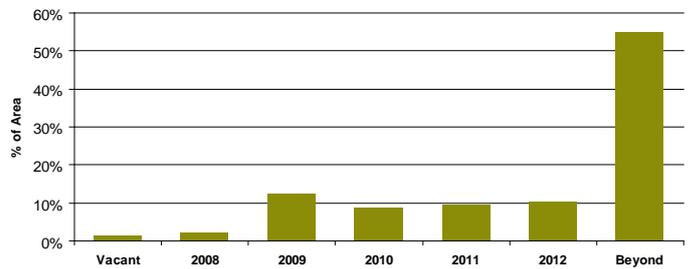
# 2008 MID YEAR UPDATE

## Leasing

Across the managed Portfolio, 60,685 sqm was leased in the six months to 30 June 2008 and terms agreed over a further 7,360 sqm, resulting in occupancy of 97.4% and commitments in excess of 99% over the Portfolio, well above market occupancy of 94.9%. This leasing was undertaken across a range of assets, including:

- 818 Bourke Street, Melbourne, a recently completed development which is now 100% committed;
- workplace®, which saw 16,930 sqm of office space leased to Google and Accenture; and
- MLC Centre, where multiple leases were negotiated, resulting in 99.5% occupancy.

Lease Expiry Chart by Area



## AUSTRALIAN INDUSTRIAL/BUSINESS PARK PORTFOLIO



Quad 4, Sydney Olympic Park

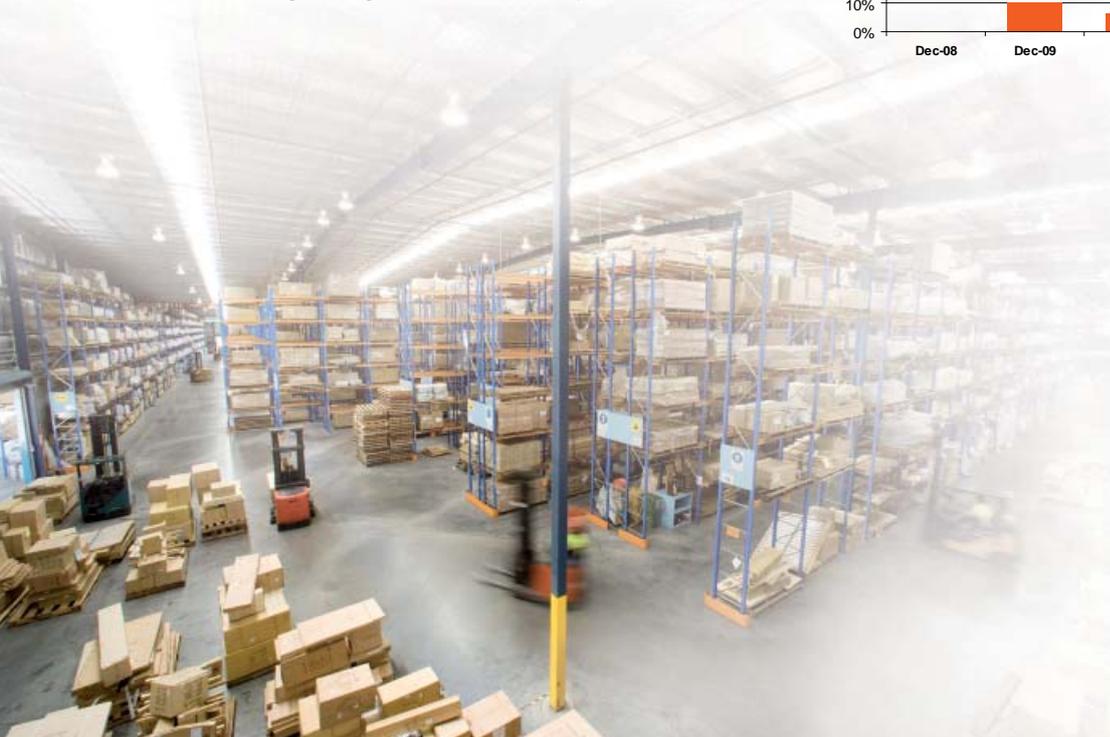
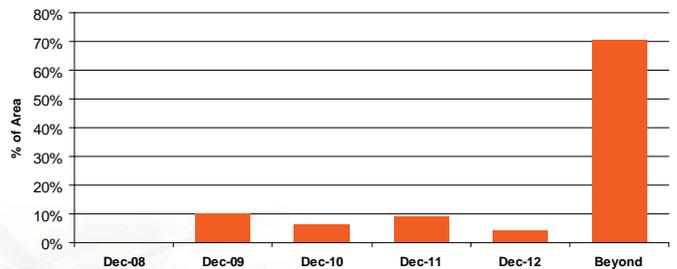


connect@erskine Park, Sydney

GPT's Industrial/Business Park Portfolio grew to over \$829 million at 30 June 2008 and income increased by 5.3% on the previous corresponding period (on a comparable basis).

During the first half of 2008, close to 40,000 sqm of space was leased or renewed, contributing to occupancy of 100% (by income) of the Portfolio's investment assets and a long average lease term of 7.3 years.

Lease Expiry Chart by Income



# OTHER INVESTMENTS

## AUSTRALIAN HOTEL/TOURISM PORTFOLIO



Heron Island Resort, Great Barrier Reef, QLD



Ayers Rock Resort, NT

GPT's Hotel/Tourism Portfolio, with a value of over \$800 million at June 2008, includes Ayers Rock Resort, the Four Points by Sheraton Hotel in Sydney and a collection of Voyages Lodges resorts across Australia.

While the Four Points by Sheraton Hotel performed well in the half through increasing occupancy, average room rate and revenue, the Resort Portfolio has been

negatively impacted by the challenges facing the Australian tourism industry, however is on track to deliver income in line with guidance.

In July 2008, GPT announced that it had commenced a sale process of the Portfolio which is consistent with GPT's decision to focus on its core portfolios of retail, office and industrial/business parks.

## US SENIORS HOUSING



Coachman Square, Woodbridge, Connecticut, USA



The Atrium at Faxon Woods, MA, USA

GPT's interest in the US Seniors Housing sector includes an \$800 million investment in 34 assets located across the New England region of the United States, and a 20% interest in the manager of the portfolio, Benchmark Assisted Living (BAL).

At 30 June 2008, the portfolio had an average occupancy for the year of 88.5% and a 6.2% increase in average monthly rent to \$5,100 per month.

As part of GPT's strategy to focus on its core domestic operations, GPT is exploring options to reduce the Group's investment in the US Seniors Housing portfolio and BAL over time.

## JOINT VENTURE



US Retail



European Retail

The \$6.5 billion of assets secured by the JV Fund at 30 June 2008 include German residential, US Retail, European Retail, European Light Industrial, German Office and US Multifamily assets.

GPT has a total of \$1.9 billion in equity (\$1,610 million in preferred equity) committed to the Joint Venture, which has a defined term of five years (to June 2012).

Given current market conditions, GPT expects the Joint Venture to commence a formal three year asset realisation period from December 2009.

# 2008 MID YEAR UPDATE

# MANAGEMENT

## FUNDS MANAGEMENT



800/808 Bourke St, Melbourne



Darling Park, Sydney

## AUSTRALIAN FUNDS MANAGEMENT

The GPT Wholesale Office Fund now has \$3.2 billion of assets under management with interests in 14 assets. The Fund has gearing of 12% and an active distribution reinvestment plan. The GPT Wholesale Shopping Centre Fund consists of interests in nine retail assets with a value of \$2.2 billion. With gearing of 7%, GWSCF has capacity for further investment, including the ability

to fund the development potential identified across its existing assets.

The funds continue to generate good returns for investors. The full performance fee for GWOF was achieved in the half and both funds provided base fees off an increased asset base.

## EUROPEAN FUNDS MANAGEMENT

GPT's European Funds Management platform was established in July 2007, with the acquisition of GPT Halverton and an 80% interest in Hamburg Trust. At 30 June, 2008, GPT's European funds under management had a value of \$3.4 billion.

GPT Halverton has six funds under management with over 120 people located in the UK and Europe. Hamburg Trust has one fund under management, domicilium, which was launched late 2007.

The European platform is not performing to earlier expectations as a result of extremely challenging market conditions in Europe, resulting in deferral of new fund launches. Performance for the half year to 30 June 2008 is, however, tracking in line with the revised guidance provided in the Group's July announcement.



530 Collins St, Melbourne

# DEVELOPMENT

## DEVELOPMENT



Workplace 6, Sydney



Charlestown Square, NSW



connect@erskine park, Sydney

Development of high quality Australian retail, office and industrial real estate for GPT's own balance sheet and its wholesale funds is a key part of the Group's domestic operating platform. In the half, GPT continued to progress a significant development program valued at \$4.4 billion through a number of potential projects underway and planned through the Group's owned assets and those managed on behalf of its Australian wholesale funds.

## GPT OWNED DEVELOPMENTS

Overall, current and potential GPT owned projects have an estimated cost of approximately \$2.9 billion and include:

- At Charlestown Square, a major expansion which will increase the Centre from 49,000 sqm to 89,000 sqm at a cost of approximately \$450 million commenced in January 2008 and is anticipated to be complete in 2010.
- At One One One Eagle Street, construction has commenced on a 63,000 sqm Premium-Grade 54 level office tower in Brisbane's prime commercial "Golden Triangle" precinct. GPT has previously reported the sale of a two-thirds interest in One One One Eagle Street to GWOFF and an existing capital partner. The transaction realised a development profit to GPT of \$29 million (to be recognized in the second half of 2008) and reduces capital allocation required by GPT going forward. The development is expected to complete in 2011.
- Practical completion at workplace<sup>6</sup> is due for completion in November 2008, ahead of schedule. The building will be owned by GWOFF on completion, with GPT having received \$106.5 million to date and the final payment of \$82.2 million due to be received on completion. The six-level office building of approximately 18,000 sqm located on the waterfront at Darling Island, Sydney, has achieved a 6 star Green Star Rating for design, the first office building in NSW to achieve this rating.
- The Industrial/Business Park Portfolio's \$100 million Erskine Park site, connect@erskinepark, settled in May and the first pre-lease was secured in July with the commitment of Goodman Fielder to a 15,000 sqm facility on a 20 year lease, due for completion in April 2009.

## FUND OWNED DEVELOPMENTS

Major developments within the Group's wholesale funds (GWOFF and GWSCF) include a range of retail and office opportunities with a potential cost of \$1.2 billion and include:

- 545 Queen Street in Brisbane is under development to deliver a new A-Grade 13,200sqm office space designed to 4.5 Star NABERS standard, to be completed late 2008.
- 28 Freshwater Place in Melbourne is a 34,000sqm office building being constructed to an A-Grade, 4.5 Star NABERS standard for completion in November 2008.
- The Transit Centre in Brisbane (to be known as the Q Centre) has DA approval for the construction of a 32 level, 70,000 sqm building, and the refurbishment of the existing Transit Centre.
- A \$350 million redevelopment of the GWSCF owned Wollongong Central (NSW) has DA approval for an additional 30,000 sqm and forms part of a revitalisation of the CBD.

## Special offers to investors at GPT's Hotel/Tourism properties

Voyages Hotels & Resorts offers unforgettable encounters with some of Australia's most remote and breathtaking locations. Please refer to [www.voyages.com.au](http://www.voyages.com.au) or phone 1300 134 044 for investor discounts.

## GPT Gift Cards

It's every gift you can think of in one! The GPT Gift Card is a fun and convenient electronic purchasing system that can be used to buy items in over 1,500 participating stores in GPT managed shopping centres across Australia. It's a durable and sleek plastic card, and can be used in all participating stores like any savings or debit card. For further information about GPT Gift Cards, please refer to GPT's website.

## GPT's website – [www.gpt.com.au](http://www.gpt.com.au)

You can obtain updates on the activities of GPT, including recent webcasts, from the News and Media section. You can also register to receive notification of items posted to this section through the site's email alert service. Information about your holding in GPT is available online through the Investor Relations section.

## Alteration of investor details

To alter your address or electronic direct credit instructions, please provide written notification to the GPT Security Registrar, Locked Bag A14, Sydney South NSW 1235.

## Questions?

If you have any questions relating to your investment in GPT, please call the Securityholder Service Centre on Freecall 1800 025 095 (within Australia) or +61 2 8280 7176 (outside Australia), between 8.30am and 5.30pm Sydney time, or email us at [gpt@gpt.com.au](mailto:gpt@gpt.com.au).

## DIRECTORY

### Principal Registry

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Sydney NSW 2000

### Mail to

GPT Security Registrar  
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Sydney South NSW 1235

### Quoted Securities

GPT is listed on the Australian Stock Exchange under the ASX Listing code: GPT

