



GENERAL PROPERTY TRUST

**General Property Trust
2004 Mid Year Results**

29 July 2004

QUALITY PORTFOLIO DELIVERS SOLID GROWTH

GPT today announced a distribution of 5.5 cpu for the June 2004 quarter, taking the distribution for the six months to June 2004 to 10.9 cpu. This represents an increase of 3.8% on the distribution for the first six months of 2003 and continues a positive trend in the Trust's underlying earnings and distributions.

Earnings per unit were up 0.2 cents per unit on the previous corresponding period, at 10.9 cents per unit (cpu) for the six months to 30 June 2004. This represents an increase of over 3% in underlying earnings, consistent with the Trust's ongoing target.

GPT Management Limited Chief Executive, Mr Nic Lyons, said that the increase in distributions and underlying earnings reflected a solid result from GPT's property portfolio which continued to be enhanced over the first half of 2004.

"This growth reflects the benefit of our strategy of building and maintaining a portfolio of high quality assets and is reflective of the active management of GPT's assets to continue to drive solid returns."

"We also had a great period in terms of acquisitions. We made acquisitions across the Industrial, Hotel/Tourism, Homemaker and Office portfolios this year. These will contribute to future performance and enhance the strength of what is already a quality diversified portfolio," said Mr Lyons.

In Retail, high productivity levels, reasonable occupancy costs and almost full occupancy in conjunction with the recent completion of major developments, have the Portfolio well positioned for continued growth. Melbourne Central's retail redevelopment and a major expansion of Penrith Plaza made good progress over the period.

The tourism sector has begun to display signs of improvement – income was up significantly and the Portfolio's scale and diversity was improved with the acquisition of the P&O Resorts Portfolio (announced in July 2004). Whilst office market conditions have remained challenging, GPT's Office Portfolio has been strengthened with the completion of the second of the National Buildings in Melbourne's Docklands and the acquisition of the third stage of the Darling Park Complex in Sydney. The Office Portfolio has had significant leasing success over the half, which has contributed to above market occupancy, and remains well positioned to benefit from anticipated stronger leasing conditions over the second half and into next year.

GPT also continued to progress developments that will contribute to medium term earnings growth. In the Masterplanned Urban Communities sector, the \$1 billion Rouse Hill Regional Centre (NSW) and the smaller Twin Waters Resort (QLD) are both progressing, with the first stages of construction expected to commence early 2005.

Capital Management

GPT maintains a strong balance sheet, with total assets of \$8.2 billion and borrowings of \$2.2 billion, or 29.5% of total assets (adjusted for the P&O acquisition). This level of borrowing remains below GPT's maximum borrowing limit (of 40% of total tangible assets) and below the LPT sector average, of 35.8%.

In April 2004, GPT undertook a successful private placement, issuing 67 million units at a price of \$3.03 per unit. The placement, which raised \$203 million, was oversubscribed and units were issued at a discount of only 1.5% to the weighted average price of units for the three days leading up to the placement.

The current weighted average interest rate of GPT's debt is 6.01% (after fees and margins). Average debt duration is 3.3 years.

Outlook

Over the last six months GPT has delivered solid performance and secured a number of exciting future opportunities which will deliver value for investors.

"We have continued to improve the quality of the portfolio and to enhance its diversity, in particular with our acquisitions at Homebush Bay and in the hotel and tourism sector. Ongoing management of existing assets and developments underway across the Retail, Office and Masterplanned Urban Communities Portfolio will enhance future investment performance."

"Our outlook for 2004 is positive and we remain confident of delivering on the Trust's ongoing target of 3% growth in underlying earnings," Mr Lyons said.

Yield

The yield on the closing price yesterday of \$3.50 was 6.1%.

NTA

The Trust's Net Tangible Asset Backing (NTA) per unit increased to \$2.74.

Unit Price

GPT's unit price increased over the year, from \$2.92 at 30 June 2003 to \$3.49 at 30 June 2004. GPT's full year accumulation (unit price movement and income) return for 2004 was 28.6%, above the S&P/ASX Property 200 Accumulation Index, which delivered a total return of 17.2%.

As a result, Lend Lease received a performance fee for the period, of \$3.5 million.

ENDS

ADDITIONAL INFORMATION

Retail Portfolio

Total centre sales for the year to June 2004 across GPT's retail centres totalled over \$3.8 billion, an increase of 6% over the previous year.

Sales productivity across GPT's regional centres is high, with specialty sales of \$9,009 per square metre. Total centre sales per square metre across the Portfolio increased by 2.7% and specialty sales per square metre were up strongly, by 3.8% in the year to June 2004.

General Manager Retail Investment, Mr Mark Fookes, said the Retail Portfolio had continued to deliver solid results, boosted by recently completed developments and strong rental growth upon renewal and review.

"The Portfolio's sales productivity remains high and the level of specialty occupancy costs across GPT's shopping centres is reasonable, at 14.4%. The low vacancy rate of less than 1% across the Portfolio and success in renewals achieved over the past eighteen months, in conjunction with the performance of recently completed developments, further consolidates our outlook for continued Retail Portfolio rental income growth," Mr Fookes said.

Income from the Retail Portfolio increased significantly on the same period last year (up 8.4%), including the first full six months of income from Erina Fair following completion of a major expansion in November 2003 and the benefits of income growth achieved across the Portfolio.

Lease renewals at Woden Plaza and Sunshine Plaza over the first half resulted in strong increases in rents which will lead to medium term income growth.

Floreat Forum and Parkmore Shopping Centre were both revalued over the period, leading to a net valuation increase across the Retail Portfolio of \$25.2 million.

Further demonstrating the quality of the Portfolio's assets, in March 2004, three of GPT's centres (Penrith Plaza, Sunshine Plaza and Woden Plaza) were named in the Shopping Centre News 'Big Guns' Top Ten list of Australia's most productive regional shopping centres.

Acquisitions

In March, GPT further expanded the Homemaker portfolio with the acquisition of the second stage of the Homemaker City Centre in Fortitude Valley, Brisbane. The completed 16,000 sqm second stage of this successful bulky goods asset is being acquired for \$49 million (including land) and construction is due to be complete at the end of 2004.

On completion GPT's Homemaker City Centres will have a value of over \$470 million, representing close to 12% of the Retail Portfolio.

Development Update

Across the Retail Portfolio a pipeline of development projects are a key driver of future earnings growth. In the first half good progress was made on a number of these projects.

The major expansion of Erina Fair (GPT's 50% share at a cost of \$106 million) opened ahead of schedule in November 2003. The development, which includes an outdoor Town Centre, a new food court, leisure and community facilities as well as approximately 140 additional specialty shops was fully leased on completion and is trading well with both sales and foot traffic up significantly. We remain on target to deliver a first year yield of at least 8.5%.

At Forestway in NSW the \$4.7 million upgrade of Forestway Shopping Centre was completed in November 2003. The works included an expansion of the Woolworths supermarket, the reintroduction of a Franklins supermarket and upgrade of the Centre and a major specialty store remix.

The major redevelopment of Melbourne Central's retail space has made further progress with 75% of the construction program and 95% of the leasing (by base rent) now finalised. The first stage of the development opened in late 2003 and the project is on track for completion of the final stages including Borders, Freedom, Fitness First and Hoyts at the end of 2004.

Works have also commenced on an expansion of Penrith Plaza. The development will add approximately 16,000 sqm and 100 new retailers with a bridge link over Riley Street, an outdoor dining offer and new lifestyle and homewares retailing. The development, anticipated to cost approximately \$140 million and targeting a Year 1 yield of 8%, is due to be complete at the end of 2005.

The expansion of Macarthur Square (at an approximate cost of \$95 million, GPT's 50% share), for which a development application has been approved, is anticipated to commence in the second half of the year. The creation of a new Town Centre at the Rouse Hill Regional Centre, for which the master plan has been approved, is anticipated to commence in early 2005.

"We are very positive about future growth for the Portfolio. We have great assets and a development program which is demonstrating our ability to deliver forecast returns and improved performance from our assets."

"With Melbourne Central close to completion, Penrith Plaza now underway and Macarthur Square and Rouse Hill due to commence shortly, we are confident in continuing to deliver strong earnings growth from GPT's retail assets," Mr Fookes said.

Office Portfolio

Despite a slow leasing market, reflecting relatively soft tenant demand, GPT's Office Portfolio again delivered solid performance.

The quality of the Portfolio and tenant diversity were further improved with the acquisition of the third stage of Darling Park in Sydney (due for completion mid 2006), the completion of the second of the National Buildings at Docklands, Melbourne and progress on refurbishment works at Australia Square and Melbourne Central.

Over 73,000 sqm of office space was leased across GPT's assets in the first half, resulting in an overall occupancy of 93% for the Portfolio. This was a significant improvement on the same period last year when only 19,400 sqm was leased. In addition, terms were agreed across a further 34,000 sqm. This was an excellent result in challenging market conditions.

Mr Tony Cope, GPT's Office Portfolio Manager, said a focus on leasing across the Portfolio had maintained a strong lease expiry profile, with limited short and medium term expiry and an average lease term of 6.3 years, up from 5.0 years at 30 June 2003.

"We have maintained relatively low vacancy and improved the quality of our portfolio and its weighting to the Sydney market over the last 12 months. The Portfolio remains well positioned to capitalise on improved conditions in the office markets, which are beginning to emerge. It is encouraging to see net absorption across all markets except Melbourne for the first time in over three years, and markets are expected to continue to improve over the remainder of the year," Mr Cope said.

Acquisitions and developments

The acquisition of the third stage of the Darling Park Complex in Sydney in April increased the portfolio's weighting to the Sydney market, and will deliver further diversity and scale. GPT acquired the development, for a total of \$225 million, with an anticipated first year yield of approximately 7.2%.

The 18-level office tower will be completed in 2006 and maintains the quality of GPT's \$3 billion contemporary office portfolio which is focused on properties located in strong markets, leased to quality tenants and providing contemporary space and services.

Marsh and Mercer Human Resource Consultancy have, since GPT acquired the development, increased their commitment to almost 60% of the 29,000 sqm building. The remainder of the building will be leased over the 2-year construction period.

The second of the two campus-style National Buildings in Melbourne's Docklands achieved practical completion in May and the National are now undertaking fit out works. The buildings are each leased to National Australia Bank for twelve years from fit out completion and will deliver a first year yield of over 8% on the total cost of \$242 million.

An extension of the office lobby at Melbourne Central, at a cost of \$5.5 million is due for completion in August 2004. The works will create a stronger street presence for the asset and a more cohesive link to the upgraded retail space. In Sydney, works at Australia Square to upgrade the public spaces and Plaza Building have now been completed, significantly enhancing the public spaces and street presence of the asset and demonstrably assisting with the current leasing campaign.

Leasing

Significant leasing was undertaken across the portfolio, with over 73,000 sqm leased or renewed across GPT's office assets. Leasing was undertaken across a range of assets, with major leasing including:

- Brisbane Transit Centre, where Telstra have exercised a five year option over 29,600 sqm. The lease secures 100% occupancy across the asset's office space to September 2009.
- Australia Square, where leases included 2,060 sqm to Ninemsn and a lease over 783 sqm to Johnson Pilton Walker.
- Melbourne Central, where vacancy was reduced to less than 1% following leasing of over 12,300 sqm, which included 4,668 sqm to Australian Communications Authority and a lease to the Child Support Agency over 5,867 sqm.
- Riverside Centre, where leases over 14,400 sqm were signed over the half, including 5,300 sqm to Blake Dawson Waldron, 3,500 sqm to Deloitte and 2,770 sqm to ABN Amro.
- Darling Park, where leases to Ogilvy PR (Singletons) over 1,960 sqm and Graincorp over 2,890 sqm were finalised.
- 179 Elizabeth Street, where Orotan have leased 2,400 sqm of the total 3,600 sqm leased at this asset.

"Whilst we are encouraged by early signs of an improvement in office markets, our success in committing the remainder of our current vacancy and the market environment over 2004 will dictate the extent of income growth this year. We maintain our outlook for growth from the Portfolio in the medium term," said Mr Cope.

Hotel/Tourism Portfolio

Mr Bruce Morris, GPT's Hotel/Tourism Portfolio Manager, said GPT's hotel portfolio had benefited from the strength of its major assets and had secured future growth with the acquisition of the 571 room P&O Australia Resorts (POAR) portfolio.

"The first six months of 2004 were characterised by a return to more normal international travel patterns, with no external shocks. Inbound tourism, on the whole, rebounded strongly over the latter part of 2003 and into this year, although the extent of the turnaround has varied from market to market," Mr Morris said.

Across GPT's existing assets, income was up by more than 18% on the previous corresponding period, with both the Four Points by Sheraton, Sydney and Ayers Rock Resort increasing occupancy and income. Four Points has had particularly strong performance which is attributed to the Hotel's refurbishment, branding and generally positive demand in Sydney."

GPT completed the approximately \$225 million acquisition of the P&O Resorts on 28 July. The portfolio, which includes Dunk, Bedarra, Brampton, Heron, Lizard and Wilson Islands as well as Silky Oaks and Cradle Mountain Lodge is an established and successful group of predominantly 'luxury' nature based resorts located in some of the most attractive tourism locations in Australia.

The assets, which perfectly complement GPT's Ayers Rock Resort, provide significant opportunities to improve performance across the Portfolio through cross selling and marketing of the combined resorts and leveraging Voyages Hotels & Resorts' operation of this larger portfolio.

'We are anticipating further improvements in market demand over the remainder of the year and this, combined with GPT's now dominant position in nature based tourism, positions the portfolio well for longer term growth,' Mr Morris said.

Industrial/Business Park Portfolio

GPT's Industrial/Business Park Portfolio continued to expand, with a value of \$326 million at 30 June 2004.

Mr Victor Georos, Industrial/Business Park Portfolio Manager, said the Portfolio had also secured future growth in the Homebush Bay precinct.

“Homebush Bay has continued to develop as a business park precinct and we maintain our positive outlook for the precinct and our assets,” Mr Georos said.

In the six months to 30 June 2004 the Trust expanded its presence and scale in the Homebush Bay precinct, with two smaller strategic acquisitions, completion of Quad 3 and the acquisition of the Quad 4 site.

Quad 3, part of a four stage planned business park consists of 5,100 sqm of office space which is now 76% leased. Quad 3 was complete in June and is forecast to deliver a yield on cost of 9.5% (on a fully leased basis).

7 Figtree Drive, a 9,600 sqm site with a 3,500 sqm office and warehouse facility, and 8 Herb Elliot Avenue (consisting of 3,300 sqm of tenanted space) were both acquired in 2004. The assets, at a cost of \$8.5 million and \$10.2 million respectively, combined, have the potential for significant further development.

“With completion of Quad 3 and the acquisition of 8 Herb Elliot Avenue and 7 Figtree Drive we now have six assets with a total of almost 29,000 sqm and a value of close to \$90 million at Homebush Bay”.

“The Quad 4 site (secured in June) and expansion potential at each of our other assets in the precinct provide us with longer term growth options and will further enhance the portfolio’s scale and presence,” Mr Georos said.

“The Portfolio now has 350,000 sqm of expansion land which will enhance the Portfolio’s earnings growth over the medium term. Much of this space is located at the Austrak Business Park in Somerton, Melbourne and in Homebush Bay, Sydney,” Mr Georos said.

Following leasing success at Quad 3, the portfolio is 94% occupied and has an average lease term of 5.6 years.

Masterplanned Urban Communities

Since entering the masterplanned urban communities sector in 2003, through an alliance with Lend Lease, GPT has secured two projects – the \$1 billion Rouse Hill Regional Centre in Sydney’s north west and the Twin Waters development in QLD. Both are long term projects located in areas with strong population demand and will deliver significant earnings growth to the Trust for a limited capital outlay.

The Rouse Hill Regional Centre includes over 1,500 residential lots, a mixed use Town Centre and supporting infrastructure. The masterplan for the site was approved by Baulkham Hills Shire Council in March 2004 and plans are progressing for the Town Centre and first residential lots.

Stage 1 is anticipated to commence early next year, with the first residential sales scheduled in 2005 and the Town Centre expected to open late 2006/early 2007.

The Twin Waters development is located on the site of the Twin Waters Resort in Mudjimba, Queensland and consists of the Novotel Twin Waters Resort, a golf course and leisure facilities. It forms part of the larger Twin Waters masterplanned community that has been progressively developed by Lend Lease over a number of years. A development application for the first stage has been lodged and preliminary approval granted, pending finalisation of the masterplan for the site. Providing final approvals are obtained, construction on the first stage is anticipated to commence late in 2004 and to be complete in late 2005. The masterplan for the entire site is expected to be lodged by the end of 2004.

Financial Summary

	6 months to June 2003	6 months to June 2004
Earnings & Distributions		
Earnings (cents per unit)	10.7	10.9
Distribution (cents per unit)	10.5	10.9
Tax advantaged	40.7%	44.9%
Total Income		
Retail	*\$132.8m	\$144.0m
Office	\$97.1m	\$109.2m
Hotel/Tourism	\$20.8m	\$23.9m
Industrial & Business Park	\$8.6m	\$10.7m
Masterplanned Urban Communities	na	\$1.2m
	At 31 Dec 2003	At 30 June 2004
Assets		
Total assets**	\$7,695.1m	\$8,205.8m
Borrowings**	\$2,127.0m	\$2,422.0m
Debt to total assets	27.6%	29.5%
Units in issue ('000)	1,949,717	2,016,717
Net asset backing/unit	\$2.73	\$2.74
Unit price	\$2.99	\$3.49
Retail		
Total value***	\$3,797.8m	\$3,924.0m
Portfolio allocation (by value)	50%	49%
Total centre sales per sqm growth	1.7%	2.7%
Specialty occupancy costs	14.5%	14.4%
Occupancy (retail centres)	99%	99%
Office		
Total value	\$2,946.7m	\$3,030.8m
Portfolio allocation (by value)	39%	37%
Portfolio occupancy	94%	93%
Hotel/Tourism		
Total value**	\$530.1m	\$778.2m
Portfolio allocation (by value)	7%	10%
Industrial/Business Park		
Total value	\$289.8m	\$325.5m
Portfolio allocation (by value)	4%	4%
Portfolio occupancy	94%	94%
Masterplanned Urban Communities		
Total value	\$26.1m	\$31.6m

* Income includes ground rent and income from deposits under retail property JVIA (Sunshine Plaza).

** Adjusted for the \$225 million acquisition of P&O Resorts in July 2004.

*** Includes deposits under retail property JVIA (Sunshine Plaza).

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