

Market Update

23 October 2008

Not for release or distribution in the United States or to US Persons

Key Points

- To raise a minimum of \$1.3 billion through a fully underwritten accelerated non-renounceable Entitlement Offer
- Additional proceeds of \$250 million via a placement of perpetual exchangeable securities to GIC Real Estate
- Look through gearing covenant renegotiated from 50% to 55%
- Re-confirmation of GPT's strategy to focus on its core Australian portfolio
- Distribution policy amended to pay out 90-100% of underlying realised earnings (excluding development profits and earnings from the Babcock & Brown Joint Venture)
- Earnings and sale proceeds from non-core assets to be used to further reduce gearing and fund GPT's business plan going forward
- DRP suspended immediately

The GPT Group ("GPT") today announced a major balance sheet recapitalisation through an accelerated non-renounceable entitlement offer ("Entitlement Offer") and placement of exchangeable securities to an affiliate of GIC Real Estate (together, the "Offer"), expected to raise total proceeds of \$1.6-1.9 billion.

The Entitlement Offer comprises the Institutional Entitlement Offer (expected to raise approximately \$1.0 billion) and the Retail Entitlement Offer (expected to raise approximately \$0.3 billion). GPT will also complete a placement of perpetual exchangeable securities to GIC Real Estate to raise a further \$250 million, and GIC Real Estate will also sub-underwrite the majority of the Retail Entitlement Offer.

Net proceeds from the offer will be used to repay debt and significantly de-leverage GPT's balance sheet, with GPT's business plan and debt maturities fully funded through January 2010.

GPT has been pursuing a strategy of non-core asset sales to reduce leverage. However, the continued deterioration of capital markets has adversely affected GPT's ability to sell assets at acceptable prices. In addition, the recent sharp and unforeseen depreciation of the Australian dollar against the Euro (16% since 30 June 2008) and the US dollar (27% since 30 June 2008) has significantly increased both balance sheet and look-through gearing levels and reduced the amount of headroom available under debt covenants. This has occurred in the absence of any movements in property values.

Having considered the alternatives available to improve its balance sheet position, the Board has concluded that the pro rata equity raising (supported by a cornerstone investment from GIC Real Estate) will provide the best long term value for GPT investors. GPT will continue to pursue non-core asset sales where appropriate in light of market conditions, but will now have considerably more flexibility in terms of the timing of these asset sales.

Following successful completion of the Offer, GPT's balance sheet gearing will fall from 37.3% at 30 June 2008 to 28.8% and its look through gearing will fall from 46.7% at 30 June 2008 to 41.5%,

For personal use only

creating considerable headroom to debt covenants in the event of deterioration in asset values or further depreciation of the Australian dollar. Following the capital raising, GPT will have sufficient liquidity to fund all capital expenditure requirements and debt maturities into 2010. GPT expects leverage to further reduce over time as the Group exits non-core investments.

Banking covenant re-negotiated

GPT has received the required approvals from the European Syndicated Facility banking syndicate to increase the look through gearing covenant threshold for the Group's €2 billion syndicated facility, from 50% to 55%. This approval is conditional on completion of the capital raising announced today.

GPT expects that the capital raising will be viewed favourably by ratings agencies.

Investment by GIC Real Estate

In conjunction with the Entitlement Offer, GPT is pleased to announce increased investment from an existing securityholder, GIC Real Estate, through an affiliate. GIC Real Estate has committed to take up its pro rata entitlement, will be issued with \$250 million in perpetual, exchangeable securities and has agreed to sub-underwrite 504 million securities of the Retail Entitlement Offer. GPT will place additional securities to GIC Real Estate such that GIC Real Estate receives a minimum of 250 million securities through its sub-underwriting of the Retail Entitlement Offer.

Following the Entitlement Offer, GIC Real Estate will have a holding in GPT of between 12.0% and 18.0% (on a fully diluted basis). GIC Real Estate's sub-underwriting and investment in the perpetual, exchangeable securities is subject to FIRB approval.

GPT will invite a representative of GIC Real Estate to join the Board if GIC Real Estate's ownership is greater than 10% on completion of the capital raising. Any such appointment will be subject to ratification at the Group's next Annual General Meeting.

GIC Real Estate has also entered into a Change of Control Undertaking with GPT. This undertaking requires that GIC support any change of control transaction that is recommended by the Board, provided that a majority of Securityholders, excluding GIC Real Estate, support the transaction (further details are contained in Appendix A).

Focus on Core Australian Assets

GPT remains committed to a business model focused on the ownership, management and development of a portfolio of high quality Australian real estate. GPT's core domestic portfolio represents 73% of the Group's existing asset base. This portfolio continues to exhibit strong earnings and defensive investment characteristics in an unstable market. As previously announced, GPT maintains its commitment to exit its non core bulky goods retail, Hotel/Tourism, US Seniors and Joint Venture investments over time. GPT has no intention to commit further investment capital offshore. GPT's Board and management believe that the recapitalisation will enable investors to again focus on the strengths of GPT's high quality diversified portfolio of Australian real estate.

Distribution policy

GPT has revised its distribution policy to better reflect the ongoing focus on its core Australian portfolio. From 1 January 2009, GPT will pay a distribution equivalent to 90-100% of underlying realised earnings before any development profits realised in the period and any income received from the Babcock & Brown Joint Venture, after any distribution paid on the perpetual exchangeable securities, subject to the ongoing requirement of the Trust to distribute its taxable income.

The DRP is suspended immediately and is not expected to be utilised for the financial year ending 31 December 2009.

Accelerated Non-Renounceable Entitlement Offer

Under the Entitlement Offer, eligible Securityholders are invited to subscribe for one (1) new GPT security ("New Securities") for every GPT stapled security owned at a price to be determined by a bookbuild conducted as part of the Institutional Entitlement Offer between Thursday, 23 October and Friday, 24 October 2008. GPT will remain in a trading halt until completion of the Institutional Entitlement Offer period.

The Record Date for the Entitlement Offer will be 7.00pm on 27 October 2008 (Sydney time). The Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Securityholders who do not take up their full Entitlement will not receive any value in respect of Entitlements they do not take up.

Securities will rank equally with existing securities from allotment, however will not qualify for the September quarter distribution with an ex-date of 31 October 2008.

Further details of the Entitlement Offer are included in Appendix B to this announcement.

UBS AG, Australia Branch ("UBS") has acted as financial adviser to the Offer. UBS, Deutsche Bank AG, Sydney branch and Goldman Sachs JBWere Pty Ltd are underwriters to the Offer.

About GIC Real Estate

GIC Real Estate is the real estate investment arm of the Government of Singapore Investment Corporation. GIC Real Estate manages a multi billion dollar portfolio of direct and indirect property investments with close to 300 investments in more than 30 countries. It is one of the largest institutional investors in Asia and currently ranks amongst the world's top 10 global real estate investment firms.

Securityholder enquiries

A combined prospectus and product disclosure statement regarding this Entitlement Offer will be mailed to retail Securityholders on 28 October 2008. Retail Securityholders who have any questions regarding the Entitlement Offer should contact the GPT Offer Information Line on 1800 190 082 (within Australia) or on +612 8280 7196 (from outside Australia) at any time from 8.30am to 5.00pm (Sydney time), Monday to Friday, during the Offer Period.

ENDS

For personal use only



For further information please contact:

Nic Lyons
Chief Executive Officer
(61) 2 8239 3565

Michael O'Brien
Chief Operating Officer
(61) 2 8239 3544

Kieran Pryke
Chief Financial Officer
(61) 2 8239 3547

Donna Byrne (61) 2 8239 3515 0401 711 542	Nicola Pitkin (61) 2 8239 3819
---	-----------------------------------

Investor Relations and Communications

Media contact details:

Mark Gold Third Person 0411 221 292	Ross Thornton Third Person 0418 233 062
---	---

Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any "US persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act") ("U.S. Persons"). Neither the entitlements nor the new securities have been, nor will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Any offering of securities in the United States or to U.S. Persons will be made by means of a prospectus that contains detailed information about GPT and the management of its business, as well as financial statements.

This news release includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of GPT, and its officers, employees, agents or associates, including risks associated with the ability to negotiate favourable amendments to GPT's debt covenants and to raise additional funding on favourable terms; a downgrade in GPT's credit ratings; fluctuations in interest rate and foreign exchange rates; the unsuccessful execution of non-core asset sales as described in this news release; and decreases in the fair market value of GPT's properties. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements, and should refer to the prospectus for further information on the proposed offering of securities, including those risk factors. GPT assumes no obligation to update such information.

For personal use only



Appendix A: GIC terms and conditions**Change of Control Undertaking**

- (a) Until the Subscriber ceases to hold a fully diluted interest in the GPT Group above 10% (for the avoidance of doubt this includes notionally exchanging all Exchangeable Securities held by the Subscriber), the Subscriber undertakes to support any change of control transaction recommended by the boards of the GPT Group in the manner and to the extent provided in paragraph (b) below, subject only to the Subscriber achieving a minimum internal rate of return (as calculated by the Subscriber acting reasonably) on the overall investment contemplated in this Agreement of 15% per annum from the date of this Agreement until the date such support is required.
- (b) For the purposes of this clause, support for a change of control transaction will constitute:
- (i) in respect of its holdings of Stapled Securities and any other Stapled Securities that it controls the voting or disposal of, the Subscriber accepting, or procuring acceptance of, a takeover offer for 100% of the Stapled Securities which is recommended by the boards of the GPT Group that has become unconditional, provided that the bidder has acquired more than 50% of the Stapled Securities (excluding any Stapled Securities held or controlled by the Subscriber); or
 - (ii) the Subscriber voting all Stapled Securities that it holds, or controls the voting of, in favour of any resolution recommended by the boards of the GPT Group to a general meeting of stapled security holders that would result in another party acquiring 100% of the Stapled Securities, whether implemented through a trust scheme (by way of amendment of the Constitution), a scheme of arrangement under Part 5.1 of the Corporations Act and/or some other transaction, provided that 50% or more of the Stapled Securities which are voted on that resolution (excluding any Stapled Securities held or controlled by the Subscriber) vote in favour of it.
- (c) Notwithstanding the foregoing, the above undertakings will not at any time require acceptance (or procuring acceptance) or voting in respect of more than a total number of Stapled Securities which, together with any Stapled Securities in which the GPT Group may have relevant interest at the relevant time, would carry voting power in the GPT Group of 19.9%.
- (d) The undertaking in this clause does not prevent the Subscriber from supporting a change of control transaction that is not recommended by the boards of the GPT Group or otherwise dealing with its interests in the GPT Group.

For personal use only

APPENDIX B – ENTITLEMENT OFFER DETAILS***Offer Structure***

The offer is structured as an underwritten accelerated non-renounceable pro-rata entitlement offer consisting of an Institutional Entitlement Offer and a Retail Entitlement Offer.

The Institutional Entitlement Offer is being conducted simultaneously under an institutional bookbuild (“the Institutional Offer”) being conducted from Thursday 23 October 2008 until 12.30pm (AEDT) Friday 24 October 2008. Entitlements cannot be traded on the ASX or otherwise transferred.

1. Institutional Entitlement Offer

Eligible Institutional Securityholders and Institutional Investors wishing to participate in the Institutional Offer are required to bid for New Securities at each A\$0.05 price point in the range of A\$0.60 to A\$0.75 (inclusive) per New Security through one of the Underwriters, including where their demand is zero at any of these price points. Provided that they have sufficient demand at or above the offer price determined by the institutional bookbuild (“**Offer Price**”), Eligible Institutional Securityholders will receive not less than their Entitlement under the Institutional Offer. Eligible Institutional Securityholders who do not bid at the final Offer Price by the close of the Institutional Offer will be deemed to have renounced their Entitlement and an equivalent number of New Securities will be offered to other Eligible Institutional Securityholders and Institutional Investors.

New Securities equal in number to those attributable to Entitlements not taken up by Eligible Institutional Securityholders at the Offer Price, together with New Securities attributable to entitlements which would otherwise have been offered to Ineligible Institutional Securityholders if they had been eligible to participate in the Institutional Entitlement Offer, will also be offered for subscription to Eligible Institutional Securityholders and Institutional Investors through the institutional bookbuild.

All participants under the Institutional Offer will pay the same price for their New Securities, being the Offer Price determined by the institutional bookbuild process.

In order to confirm exact Entitlements, Eligible Institutional Securityholders are required to complete a Securityholder Declaration Form (provided by the Underwriters) which details their Record Date security holding and return that form to Orient Capital by 4.00pm (AEDT) Thursday 23 October 2008.

2. Retail Entitlement Offer

Eligible retail securityholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer under a combined prospectus and product disclosure statement (“Prospectus”) which is expected to be lodged with ASIC on 24 October 2008. The Retail Entitlement Offer will open at 9.00am (AEDT) on Thursday 30 October 2008 and close at 5.00pm (AEDT) on Monday 17 November 2008.

An eligible retail securityholder is a person who is registered as the holder of GPT stapled securities at the Record Date and has a registered address in Australia or New Zealand. Eligible retail securityholders can take up their Entitlement in full or in part or subscribe for New Securities in excess of their Entitlement. Alternatively, eligible retail securityholders can choose not to take up any of their Entitlement by doing nothing.

For personal use only

Full details of the Retail Entitlement Offer will be set out in the Prospectus which will be made available to eligible retail securityholders when offers of new securities are made under the Retail Entitlement Offer. The Prospectus is expected to be lodged with ASIC on Friday, 25 October 2008 and will be sent to eligible retail securityholders after lodgement and be made available on GPT's website. Any eligible retail securityholder who wishes to acquire New Securities under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised acceptance form that will be in or will accompany the Prospectus, and should consider the Prospectus in deciding whether to subscribe for new GPT stapled securities.

Stock Lending and Other Transactions

Eligible Securityholders will be entitled to apply under the Entitlement Offer for a certain number of New Securities for each existing GPT stapled security held as at the Record Date. GPT has been granted a waiver by ASX so that, in determining Securityholder entitlements for the Entitlement Offer, it may ignore any changes in security holdings that occur after the commencement of the trading halt in stapled securities that commenced on 22 October 2008 (other than registrations of transactions that were effected through ITS before that halt).

Accordingly, a person who is a registered GPT securityholder at the Record Date as a result of a dealing after the commencement of the trading halt in stapled securities that commenced on 22 October 2008 (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an Entitlement under the Entitlement Offer.

In the event that a GPT securityholder has existing GPT stapled securities out on loan at the Record Date, the borrower will be regarded as the securityholder for the purposes of determining the Entitlement (provided that those borrowed securities have not been on-sold).

Key Entitlement Offer Dates

Key dates for the Entitlement Offer are provided below:

Record Date under the Entitlement Offer	7.00pm, Monday 27 October 2008
Institutional Offer	
Institutional Offer opens:	Thursday 23 October 2008
Eligible Institutional Securityholder Declaration Forms due to Orient Capital ⁽¹⁾	4.00pm, Thursday 23 October 2008
Institutional Offer – first close (No new bids allowed after this time. Bid amendments only permitted):	10.00am, Friday 24 October 2008
Institutional Offer – final close:	12.30pm, Friday 24 October 2008
Settlement of the Institutional Offer (via DvP in CHES):	Monday 10 November 2008
Issue of New Securities under the Institutional Offer and normal trading of those securities expected to commence on ASX	Tuesday 11 November 2008

⁽¹⁾For European/North American institutions – 6.00am (AEST), Friday 24 October 2008.

For personal use only

Retail Entitlement Offer	
Retail Entitlement Offer opens:	Thursday 30 October 2008
Retail Entitlement Offer closes:	Monday 17 November 2008
Issue of New Securities under the Retail Entitlement Offer	Friday 28 November 2008
Dispatch of confirmation of allotment for New Securities issued under the Retail Entitlement Offer and normal trading of those securities expected to commence on ASX	Monday 1 December 2008

These dates are indicative only and are subject to change without notice. All times and dates refer to time and date in Sydney (AEDT), Australia. Subject to the requirements of the Corporations Act 2001 (Cth) ("**Corporations Act**"), the ASX Listing Rules and any other applicable laws, GPT has the right, with the consent of the Underwriters, to amend the timetable including to extend the closing date for the Retail Entitlement Offer, to close the Retail Entitlement Offer early, to withdraw the Entitlement Offer at any time prior to the allotment of New Securities under the Retail Entitlement Offer and/or to accept late applications either generally or in specific cases. If the closing date is extended, the subsequent dates may also be extended.

Offer Pricing

The bookbuild process will be used to set the Offer Price under the Entitlement Offer.

For personal use only