2008 Full Year Results

27 February 2009

- Operating performance in line with forecast -

KEY POINTS

- Operating income for the year to 31 December 2008 of $468.8 million in line with PDS forecast
- Cash distribution of 17.7 cents per security in line with PDS forecast
- Materially strengthened balance sheet through $1.6 billion capital raising in October 2008 (33.7% headline gearing, look-through gearing 46.6% - net of cash)
- Significant headroom in relation to gearing covenants ($1.9 billion on a balance sheet basis)
- Distribution Reinvestment Plan (DRP) to operate from March 2009 quarter distribution
- Liquidity position remains comfortable ($260 million of capital expenditure funding required over the next 12 months covered by $961.9 million of cash)
- Strategy focused on high quality Australian real estate (represents 80% of real estate investments)
- A-IFRS loss for the 12 months to 31 December 2008 of $3.25 billion, primarily as a result of non-cash adjustments:
  - $393.5 million net reduction in Australian core asset valuations
  - $1,758.6 million net reduction in the value of non core investments
  - $839 million mark to market of derivative positions.

FINANCIAL HIGHLIGHTS

	FY08	FY07	Oct 08 PDS Forecast
Realised operating income ($m)	**468.8**	**605.1**	**468**
Change in value of investment portfolio (non-cash) ($m)	(2,152.1)	763.1	
Goodwill impairment (non-cash) ($m)	(121.8)	-	
Unrealised loss on derivatives ($m)	(839.0)	(64.3)	
Unrealised foreign exchange losses on borrowings ($m)	(544.6)	4.0	
Other ($m)	(64.8)	(125.4)	
Reported net profit / (loss)[1]	**($3,253.5)**	**1,182.5**	
Distribution per stapled security (cps)[2]	17.7	28.9	17.7
	31 Dec 08	**31 Dec 07**	
Stapled securities on issue (000s)	4,467,364	2,099,614	
NTA per stapled security[2]	$1.43[(2)]	$3.86	

[1] Detailed statutory adjustments under A-IFRS provided in Appendix.
[2] Includes the impact of additional 2,367,750,000 stapled securities issued over the course of 2008.

FULL YEAR RESULT

Overview

The GPT Group (GPT) today announced realised operating income of $468.8 million for the twelve months to December 2008, and a cash distribution of 17.7 cents per security for the year. The result reflects strong performance from the Group's Australian real estate assets.

The result is in line with the full-year operating income and distribution guidance provided to the market in the Prospectus and Product Disclosure Statement issued in October 2008.

Michael O'Brien, GPT's Acting Chief Executive Officer, said the result highlighted the overall resilience of GPT's large, high quality, diversified domestic portfolio, which continued to deliver strong income growth despite increasingly challenging operating conditions over the second half of the year. The core domestic portfolio forms 80% of GPT's real estate investments, and recorded 5.5% like-for-like income growth versus the previous corresponding period (4.5% for Retail, 7.8% for Office and 3.8% for Industrial/Business Parks).

"2008 was a challenging year throughout as credit and real estate markets continued to deteriorate. We made a number of difficult decisions which we believe, over time, will return GPT to a position of strength and stability, consistent with the quality of the Group's dominant Australian asset base. These decisions included raising capital to strengthen the balance sheet, prudently managing our cost base and making changes to our strategic focus," Mr O'Brien said.

The disparity between the Group's underlying realised operating income of $468.8 million and the $3.25 billion statutory (A-IFRS) loss reflects the impact of non cash items, including asset revaluations and the mark to market of GPT's derivative positions required to be represented in the Profit & Loss Statement under Australian accounting standards. These items do not effect the operating performance of the business and are non cash. These non cash mark to market positions reflect the Group's policy to utilise derivative instruments to create stability over cashflows and to smooth the impact on distributable income from interest rate and currency volatility. They do not impact the status of the Group's underlying asset base.

Further detail on statutory A-IFRS adjustments is provided in the Appendix to this announcement.

FINANCIAL POSITION

Gearing / Liquidity

In October 2008 GPT raised $1.6 billion through an entitlement offer and a placement of perpetual exchangeable securities to an affiliate of GIC Real Estate. The proceeds were used to reduce GPT's debt and strengthen the balance sheet, resulting in net debt of $4.1 billion at 31 December 2008 and gearing of 33.7% (net of cash), well below the Group's covenant level of 40%. Look-through gearing, of 46.6% (net of cash), is well below the Group's 55% covenant.

GPT's gearing of 33.7% (net of cash) on a headline basis provides $1.9 billion in headroom under gearing-related loan covenants. A number of capital management initiatives are underway to further assist this position, including:

- The potential deconsolidation of approximately $324 million of non-recourse debt related to European warehoused assets, which GPT is seeking to sell or rescind control of (approximate gearing reduction of 2%). The deconsolidation is within GPT's control and subject only to regulatory process.
- Reactivation of the Distribution Reinvestment Plan to apply from the March quarter 2009 with the ability to consider underwriting on a quarterly basis. The decision to underwrite the DRP will be dependent on the progress of asset sales.
- A continuing focus on non core asset sales.

Given the current market environment, the Group has reduced its capital requirements, having deferred development projects not already under construction.

Following the capital raising in October, GPT has repaid a number of existing finance facilities and has only $475 million of funding requirements over the next 12 months (maturing drawn debt facilities and capital expenditure requirements). These requirements will be funded via cash on hand and other committed funding sources available to the Group.

Capital Management

As announced in August 2008, GPT will implement a revised distribution policy from 2009, with development profits and earnings from the Joint Venture with Babcock & Brown to be retained and 90-100% of other underlying realised earnings distributed. This will enhance financing flexibility and long-term growth prospects.

Valuations / NTA

The reduction in GPT's total assets to $13 billion at 31 December 2008 was the result of non cash asset value movements and the non cash mark to market of derivative instruments.

Net tangible assets (NTA) per stapled security fell to $1.43. This reflects the mark to market in value of GPT's assets and the impact of a substantially higher number of securities on issue as a result of GPT's distribution reinvestment programme through 2008 and the October capital raising.

"We are committed to improving our balance sheet strength and maintaining varied funding sources in light of ongoing constraints in credit markets, and what we see as a material and long-term change in the investment market. The capital management policies we have in place are designed to enhance GPT's long-term prospects and contribute to a simplified and more conservative financial model moving forward," Mr O'Brien said.

GOVERNANCE

In light of the short term performance of GPT relative to its peer group, the Board determined that there would be: no increase in GPT employees' base remuneration in 2009 (other than in exceptional circumstances where an individual's responsibilities have materially changed); no Short Term Incentive awards to the Senior Executive Committee with respect to the 2008 performance period; and no increases in Non-Executive Director fees for 2009.

Following the announcement that Peter Joseph would step down as Chairman at or before the AGM in April 2009, good progress is being made in relation to the appointment of a new Chairman.

STRATEGY

In August 2008, GPT announced a number of strategic initiatives to simplify the Group's business model over time, reduce leverage and address the realities of a radically different global economic and investment environment. These initiatives include:

(i) A renewed strategic focus on core domestic operations, namely the ownership, management and development of high quality Australian real estate;
(ii) Exiting non core investments such as the Hotel/Tourism and Homemaker Portfolios and assets warehoused for European Funds Management;
(iii) Reducing look-through leverage to less than 40% over the medium term; and
(iv) Adopting a more conservative approach to capital management, including the retention of an appropriate percentage of earnings on an ongoing basis, and a capital allocation policy reflective of GPT's focus on core domestic operations.

While the current environment has extended the timeframe to execute these strategic decisions, the business has focused on reinforcing the strength and positioning of the domestic business, continuing to review the Group's cost base in light of the strategic direction and market conditions, and reinforcing balance sheet strength.

Since July 2008 significant cost efficiencies were achieved with a reduction in employees for the GPT Halverton business of approximately 35%. Over the course of the second half additional initiatives were implemented to refine the Group's cost base. In aggregate, GPT reduced its employee numbers by 15%. The Group will continue to review its resourcing requirements in light of expected workloads.

GPT is progressing its non-core asset sales, enhancing the focus on the core business.

<u>Core Business</u>

The simplification of GPT's business model over time recognises GPT's traditional strengths in adding value via the ownership, management and development of high quality Australian retail, office and industrial real estate. This business now accounts for 80% of the Group's real estate investments and contributed approximately 79% of the Group's realised operating income for the 2008 calendar year.

The Retail, Office and Industrial/Business Park Portfolios performed very well at an operational level with like on like income growth of 4.5%, 7.8% and 3.8% respectively. The quality of the assets, the very high levels of occupancy and the limited expiry in the near term in the office and industrial/business park portfolios provides a strong base for future performance.

The Group's large, high quality, Australian wholesale funds (GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund) delivered stable income performance and continued to attract investment. The establishment of strong relationships with quality domestic and international institutional capital partners is a key component of GPT's strategy and business model. GPT's co-investment philosophy ensures alignment of interests between GPT's securityholders and its institutional partners.

Other Investments

Investments outside the core business represent approximately 20% of the Group's real estate investments and contributed 21% of realised operating income in the period.

While GPT intends to exit the majority of these investments in the short to medium term, market transaction levels remain extremely low.

GPT is realistic about values and remains committed to the sale of the Hotel/Tourism Portfolio and a number of non core retail assets, recognising however that this process will take longer in today's environment than in normal market circumstances. Despite this, good progress is being made on a number of assets. Two non core industrial assets were sold over the past six months, realising a total of $21.25 million. A third industrial asset was sold (for $17.5 million) subsequent to year end.

GPT has agreed with its US Seniors joint venture partner (Benchmark Assisted Living) to explore ways in which GPT can exit this sector over time, although current market conditions make this a medium term, rather than an immediate focus. The European Funds Management platform has been downscaled to stabilise the business. Exiting warehoused assets is an immediate priority.

The current focus for the Joint Venture with Babcock & Brown is completing the transition of the asset management function to GPT, and ensuring the assets are managed through to an appropriate medium term exit.

A priority for GPT will be positioning the portfolio to realise value over time as market conditions improve. GPT has not included income from the Joint Venture in its 2009 guidance and wrote down the value of its investment in the Joint Venture to $1.16 billion at 31 December 2008, as a result of reduced asset values.

OUTLOOK

The impact of the credit crisis on the real estate environment, and markets everywhere, has been unprecedented in recent history, and global operating conditions remain extremely challenging.

“The past year was one in which we responded to difficult and unforeseen market conditions. We are seeking to reposition the business for the long term through a focus on the ownership, management and development of high quality Australian real estate, and a more conservative financial structure.”

“While the timeframe to execute strategic initiatives such as asset sales is longer than in normal market circumstances, we remain committed to refocussing the business. We have made progress in strengthening the balance sheet, reducing our cost base and preserving capital,” Mr O’Brien said.

“Entering 2009, we have a well positioned balance sheet, with 33.7% gearing on a net basis and interest cover of 2.5 times, which provides us with significant headroom in relation to covenants; we are progressing a range of initiatives to enhance that position; and we continue to focus on reducing costs and capital requirements.”

While moving into a tougher domestic environment, the high quality of GPT’s dominant domestic business provides a stable base. GPT continues to forecast realised operating income of $347 million for 2009 on the basis set out in the PDS, assuming no material change in market conditions or further unforeseen events. The forecast distribution of 7.2 cents per security as set out in the PDS may differ depending on the number of securities issued under the DRP and the issue price.

- ends -

GPT's Full Year Results Presentation will be web cast via the Group's website (www.gpt.com.au) on Friday 27 February 2009 at 11.00am (Sydney time).

Attached:

Appendix

For further information contact:

Michael O'Brien	**Kieran Pryke**	**Neil Tobin**	**Donna Byrne**
Acting Chief Executive Officer and Chief Operating Officer	Chief Financial Officer	General Manager, Joint Venture Fund	Head of Investor Relations and Corporate Affairs
02 8239 3544	02 8239 3547	02 8239 3552	02 8239 3515
0417 691 028	0413 882 524	0408 630 357	0401 711 542

Reconciliation: Realised Operating Income December 2008

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Revenue										
Rent from investment properties	332.0	99.5	63.4	17.9	-	-	39.6	-	-	552.4
Revenue from hotel operations	-	-	-	209.3	-	-	-	-	-	209.3
Property and fund management fees	18.2	4.2	-	0.1	-	31.7	32.1	-	2.2	88.5
Development project revenue	-	-	-	-	-	-	-	-	190.1	190.1
Proceeds from the sale of warehoused property investments	-	-	-	-	-	-	13.6	-	-	13.6
	350.2	**103.7**	**63.4**	**227.3**	**-**	**31.7**	**85.3**	**-**	**192.3**	**1,053.9**
Other income										
Fair value adjustments to investment properties	(94.2)	48.8	(36.2)	1.8	-	-	-	-	-	(79.8)
Share of after tax profits of equity accounted investments	3.8	(38.3)	-	-	(151.7)	(95.1)	(27.2)	(357.7)	(2.2)	(668.4)
Dividend from investments	-	-	-	0.5	-	-	0.4	-	-	0.9
Interest revenue - joint venture investment arrangements	-	-	-	-	6.9	-	5.5	119.6	3.2	135.2
Interest revenue - cash and short term money market securities	-	-	-	0.8	-	-	0.6	-	21.7	23.1
Net foreign exchange gain	-	-	-	-	-	-	-	-	-	-
Net gain on fair value of derivatives	-	-	-	-	-	-	-	-	-	-
Net gain on disposal of fixed assets	-	-	-	-	-	-	-	-	5.3	5.3
	(90.4)	**10.5**	**(36.2)**	**3.1**	**(144.8)**	**(95.1)**	**(20.7)**	**(238.1)**	**28.0**	**(583.7)**
Total segment revenue	**259.8**	**114.2**	**27.2**	**230.4**	**(144.8)**	**(63.4)**	**64.6**	**(238.1)**	**220.3**	**470.2**
Expenses										
Property expenses and outgoings	89.0	29.3	8.9	0.3	-	-	11.5	-	-	139.0
Expenses from hotel operations	-	-	-	176.4	-	-	-	-	-	176.4
Management and other administration costs	14.5	4.2	0.8	1.1	1.0	11.5	75.0	2.5	44.2	154.8
Depreciation and amortisation expense	7.1	-	-	13.2	-	-	2.1	-	1.8	24.2
Finance costs	-	-	-	-	-	-	23.9	-	306.9	330.8
Revaluation of Hotel Properties	-	-	-	191.8	-	-	-	-	-	191.8
Impairment expense	-	-	3.7	13.8	3.7	-	258.5	840.7	31.8	1152.2
Net foreign exchange loss	-	-	-	-	-	-	4.4	-	540.2	544.6
Cost of sales attributable to warehoused property investments	-	-	-	-	-	-	12.6	-	-	12.6
Cost of sales from development projects	-	-	-	-	-	-	-	-	137.8	137.8
Net loss on fair value of derivatives	-	-	-	-	-	-	16.4	-	831.0	847.4
Net loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	-	-	-
Total expenses	**110.6**	**33.5**	**13.4**	**396.6**	**4.7**	**11.5**	**404.4**	**843.2**	**1,893.7**	**3,711.6**
Segment result for the financial year	**149.2**	**80.7**	**13.8**	**(166.2)**	**(149.5)**	**(74.9)**	**(339.8)**	**(1,081.3)**	**(1,673.4)**	**(3,241.4)**
Income tax expense									12.1	12.1
Net loss for the financial year										**(3,253.5)**

The GPT Group

Reconciliation: Realised Operating Income December 2008

	Retail	Office	Industrial	Hotels & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Adjusted to arrive at realised operating income as determined by the Directors										
Fair value adjustments to investment properties	94.2	(48.8)	36.2	(1.8)	-	-	-	-	-	79.8
Fair value adjustments realised - One One One Eagle Street	-	31.4	-	-	-	-	-	-	-	31.4
Fair value and other adjustments to equity accounted investments	4.7	82.1	-	2.1	158.9	190.0	34.2	346.7	-	818.7
JV adjustments - realised	-	-	-	-	-	-	-	1.1	-	1.1
Net foreign exchange loss	-	-	-	-	-	-	4.4	-	540.2	544.6
Net loss on fair value of derivatives	-	-	-	-	-	-	16.4	-	831.0	847.4
Net receipts/(payments) from interest rate derivatives	-	-	-	-	-	-	(0.8)	-	44.7	43.9
Realised net exchange gains	-	-	-	-	-	-	-	-	6.4	6.4
Net receipts from property derivatives	-	-	-	-	-	-	-	-	8.7	8.7
Impairment expense	-	-	3.7	13.8	3.7	-	258.5	840.7	31.8	1,152.2
Revaluation of Hotel Properties	-	-	-	191.8	-	-	-	-	-	191.8
Depreciation and amortisation expense	7.1	-	-	13.2	-	-	0.7	-	-	21.0
Net profit on disposal of assets	-	-	-	-	-	-	-	-	(5.3)	(5.3)
workplace[6] eliminated 40% profit after tax	-	-	-	-	-	-	-	-	(14.4)	(14.4)
workplace[6] profit recognised in 2007	-	-	-	-	-	-	-	-	(21.4)	(21.4)
Non-cash revenue adjustments	6.8	3.6	(2.9)	-	-	-	-	-	-	7.5
Impact of external minority interest	-	-	-	-	-	-	0.7	-	-	0.7
Redundancy costs	-	-	-	-	-	-	-	-	6.8	6.8
Tax allocations	(1.4)	(0.4)	-	9.3	(1.9)	(6.1)	(3.0)	1.5	2.0	-
Other	-	(0.1)	-	0.1	1.4	-	(0.1)	-	0.1	1.4
Realised Operating Income for the financial year	260.6	148.5	50.8	62.3	12.6	109.0	(28.8)	108.7	(254.9)	468.8

The GPT Group

Reconciliation: Realised Operating Income December 2007

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Revenue										
Rent from investment properties	325.7	79.6	54.9	17.0	-	-	19.8	-	-	497.0
Revenue from hotel operations	-	-	-	220.3	-	-	-	-	-	220.3
Property and fund management fees	14.5	-	-	-	-	30.6	19.3	-	1.3	65.7
Development project revenue	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of warehoused property investments	-	-	-	-	-	-	-	-	-	-
	340.2	**79.6**	**54.9**	**237.3**	**-**	**30.6**	**39.1**	**-**	**1.3**	**783.0**
Other income										
Fair value adjustments to investment properties	231.4	179.7	24.2	23.2	-	-	-	-	-	458.5
Share of after tax profits of equity accounted investments	2.6	166.7	-	1.6	9.5	270.1	(1.7)	20.1	(0.2)	468.7
Dividend from investments	-	-	-	0.4	-	-	-	-	-	0.4
Interest revenue - joint venture investment arrangements	-	-	-	0.1	7.1	-	-	89.5	1.1	97.8
Interest revenue - cash and short term money market securities	-	-	-	0.7	-	-	1.1	-	13.3	15.1
Net foreign exchange gain	-	-	-	-	-	-	(0.2)	-	23.2	23.0
Net gain on fair value of derivatives	-	-	-	-	-	-	1.0	-	(0.4)	0.6
Net gain on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
	234.0	**346.4**	**24.2**	**26.0**	**16.6**	**270.1**	**0.2**	**109.6**	**37.0**	**1,064.1**
Total segment revenue	**574.2**	**426.0**	**79.1**	**263.3**	**16.6**	**300.7**	**39.3**	**109.6**	**38.3**	**1,847.1**
Expenses										
Property expenses and outgoings	89.2	22.8	7.3	0.5	-	-	1.3	-	-	121.1
Expenses from hotel operations	-	-	-	172.2	-	-	-	-	-	172.2
Management and other administration costs	9.5	-	-	-	-	11.8	30.8	-	40.3	92.4
Depreciation and amortisation expense	6.8	-	-	13.5	-	-	0.5	-	1.1	21.9
Finance costs	-	-	-	-	-	(1.0)	16.8	-	227.1	242.9
Revaluation of Hotels Properties	-	-	-	-	-	-	-	-	-	-
Impairment expense	-	-	-	1.4	-	-	-	-	-	1.4
Net loss on fair value of derivatives	-	-	-	-	-	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-	-	-	-	-	-
Net loss on disposal of fixed assets	0.1	-	-	0.3	-	-	(0.4)	-	0.1	0.1
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	-	4.1	4.1
Total expenses	**105.6**	**22.8**	**7.3**	**187.9**	**-**	**10.8**	**49.0**	**-**	**272.7**	**656.1**
Segment result for the financial year	**468.6**	**403.2**	**71.8**	**75.4**	**16.6**	**289.9**	**(9.7)**	**109.6**	**(234.4)**	**1,191.0**
Income tax expense									8.5	8.5
Net profit for the financial year										**1,182.5**

The GPT Group

Reconciliation: Realised Operating Income December 2007

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Adjusted to arrive at realised operating income as determined by the Directors										
Fair value adjustments to investment properties	(231.4)	(179.7)	(24.2)	(23.2)	-	-	-	-	-	(458.5)
Fair value and other adjustments to equity accounted investments	6.1	(124.7)	-	0.3	0.6	(177.9)	-	(10.4)	-	(306.0)
JV adjustments - realised	-	-	-	-	-	-	-	61.5	-	61.5
Net foreign exchange gain	-	-	-	-	-	-	0.2	-	(23.2)	(23.0)
Net gain on fair value of derivatives	-	-	-	-	-	-	(1.0)	-	0.4	(0.6)
Net receipts from interest rate derivatives	-	-	-	-	-	-	-	-	53.8	53.8
Realised net exchange gains	-	-	-	-	-	-	-	-	10.6	10.6
Net receipts from property derivatives	-	-	-	-	-	-	-	-	11.1	11.1
Impairment expense	-	-	-	1.4	-	-	-	-	-	1.4
Depreciation and amortisation expense	6.8	-	-	13.5	-	-	-	-	-	20.3
Net loss on disposal of assets	0.1	-	-	0.3	-	-	-	-	-	0.4
Cost associated with internalisation/ merger proposal	-	-	-	-	-	-	-	-	4.1	4.1
Development profit on workplace[6]	-	21.4	-	-	-	-	-	-	-	21.4
Non-cash revenue adjustments	14.1	7.1	0.1	-	-	-	-	-	-	21.3
Impact of external minority interest	-	-	-	-	-	-	2.0	-	-	2.0
Redundancy costs	-	-	-	-	-	-	-	-	-	-
Tax allocations	(1.6)	-	-	4.7	(0.6)	-	(4.5)	(9.7)	9.7	(2.0)
Other	-	0.6	-	0.1	3.3	(6.3)	8.1	-	(1.0)	4.8
Realised Operating Income for the financial year	262.7	127.9	47.7	72.5	19.9	105.7	(4.9)	151.0	(177.4)	605.1

The GPT Group