

23 February 2010
2009 Full Year Results

- ***GPT – performance exceeds guidance -***
- ***Significant transformation achieved -***
- ***Extensive development pipeline -***

KEY POINTS

FINANCIAL PERFORMANCE

- Comparable income growth⁽¹⁾ of 3.7%, and a return to profit in the second half
- Realised operating income⁽²⁾ for the year to 31 December 2009 of \$375.8 million, above guidance of \$365 million
- Cash distribution of 4.5 cents per security in line with guidance
- Materially strengthened balance sheet and credit metrics:
 - 23.5% headline gearing (net debt basis)
 - Strong liquidity position
 - Improved credit ratings (Standard & Poor's BBB to BBB+; Moody's Baa3 to Baa1)
 - Excess hedging position removed
- Net tangible assets per security (NTA) \$0.69 cents
- A-IFRS profit of \$124.9 million for the second half; A-IFRS loss for the full year to 31 December 2009 of \$1,070.6 million (2008: \$3,253.5 million loss), primarily driven by losses in the first half as a result of non-cash adjustments:
 - \$774.5 million net reduction in Australian core asset valuations
 - \$203.0 million net reduction in the value of non-core investments
 - \$1,092.9 million write off in the value of the Joint Venture with Babcock & Brown, which no longer forms part of the Group's assets
 - Partially offset by gains on mark-to-market value of derivatives of \$463.3 million

STRATEGY

- A strong 2009 scorecard that has transformed the business, with a renewed Board and an enthusiastic and experienced management team
- Focused on active ownership of high quality Australian Retail, Office and Industrial/Business Park real estate
- \$1.1 billion in non-core asset sales, including the exit of the Joint Venture with Babcock & Brown and GPT's European operating businesses (GPT Halverton and Hamburg Trust)
- Revised capital management policies to deliver on future business needs – sustainable distribution payout policy in place, clear parameters for balance sheet management established

(1) Represents comparable income growth on previous corresponding period from Australian Retail, Office and Industrial/Business Park Portfolios.

(2) Before payment of distribution on exchangeable securities on issue.

FUTURE

- An active owner of high quality assets with a clear strategy
- Competitive strengths of scale, quality, diversification and culture
- Growth from structured rent increases embedded across the majority of the portfolio
- An extensive \$2.4 billion development pipeline
- Investment capacity of \$2.5 billion
- A renewed Board and experienced management team committed to delivery of superior risk-adjusted returns

GUIDANCE

- Focused on achieving income growth in excess of CPI annually from the core portfolio and long term value creation providing a total return in excess of Weighted Average Cost of Capital (8.5% through the cycle)
- Targeting 2010 realised operating income to be above the 2009 result; with a distribution of at least 3 cents per security.

FINANCIAL HIGHLIGHTS

	FY09 (\$m)	2H09 (\$m)	1H09 (\$m)	FY08 (\$m)
Core Business ⁽¹⁾	532.2	259.3	272.9	568.9
Non-core Operations	49.9	24.9	25.0	154.8
Financing and corporate overheads	(206.3)	(91.4)	(114.9)	(254.9)
Realised Operating Income	375.8	192.8	183.0	468.8
Changes in Fair Value of Assets (non-cash)				
• Valuation increases/decreases				
Core domestic Portfolio and Funds Management (Australia)	(774.5)	(207.3)	(567.2)	(400.6)
Hotel/Tourism Portfolio	(85.9)	11.5	(97.4)	(219.2)
European goodwill and warehoused assets	(79.3)	2.2	(81.5)	(293.4)
US Seniors Housing	(37.8)	(0.2)	(37.6)	(162.6)
Joint Venture Fund	(1,092.9)	(7.2)	(1,085.7)	(1,188.5)
• Profit/Loss on Sales	(18.5)	58.6	(77.1)	5.3
• Financial instruments marked to market value and foreign exchange gains	695.1	88.5	606.6	(1,451.0)
Other Items	(52.6)	(14.0)	(38.6)	(12.3)
Net profit/loss after tax	(1,070.6)	124.9	(1,195.5)	(3,253.5)

(1) Includes development profit of \$31.4 million in 2008.

FULL YEAR RESULT

Overview

The GPT Group (GPT) today announced realised operating income of \$375.8 million for the 12 months to December 2009, and a cash distribution of 4.5 cents per security for the year. The Group's delivery of 3.7% comparable income growth from the core Australian portfolio, during a year of global uncertainty and tough credit markets, reinforces the high quality of its Australian portfolio and the focus of its renewed Board and management team.

The result represents outperformance against realised operating income guidance announced in May 2009 of \$365 million.

Michael Cameron, GPT's Chief Executive Officer, said the Group had exceeded expectations relative to its objectives for 2009 through a substantial effort from the team.

"We set ourselves a number of goals in May 2009 and achieved an extensive scorecard in a difficult market. We've ended the year with a significantly transformed business which reflects the strategy we announced in August – clear, transparent and focused firmly on Australia.

"Our May capital raising provided us with the opportunity to accelerate the Group's exit from the Joint Venture with Babcock and Brown and exit the majority of our non-core investments. We sold over a billion dollars in non-core assets in 2009, contributing to a stronger financial position and reduced gearing (from 33.7% to 23.5% on a net debt basis) and leading to an increase in credit ratings to BBB+ (Standard & Poor's) and Baa1 (Moody's). The core Australian portfolios now represent over 90% of investments.

"The resilience of GPT's large, high quality, diversified domestic portfolio is apparent in the result, with comparable income growth of 3.7% despite challenging operating conditions," Mr Cameron said.

The difference between the Group's underlying realised operating income of \$375.8 million and the \$1,070.6 million statutory (A-IFRS) loss reflects the impact of non-cash items, including market valuation movements.

FINANCIAL POSITION

Gearing / Liquidity

In May 2009, GPT raised \$1.7 billion in equity capital. The proceeds were used to reduce GPT's debt and significantly strengthen the balance sheet, resulting in net debt reducing from \$5.0 billion at December 2008 to \$2.2 billion at 31 December 2009. Gearing of 23.5% is well below the Group's covenant level of 40% and conservatively below the Group's policy range of 25% to 35% of debt to total tangible assets, providing substantial flexibility should compelling investment opportunities be identified.

Look-through gearing is 31.6% against a covenant of 55% and interest cover has improved over the half to 2.9x.

Michael O'Brien, Chief Financial Officer, said the current state of the balance sheet and the Group's strong credit metrics reflected an ongoing process through the year of simplifying the Group's financial structure in line with its articulated strategy, business model and risk profile.

In December 2009, a distribution policy of the greater of 70-80% of realised operating income (excluding development profits) and taxable income was announced. The policy provides a sustainable payout ratio and further enhances GPT's financial stability and flexibility.

In addition, the Group's funding sources were diversified, its average term to maturity was extended and refinancing risk was reduced. Demonstrating GPT's access to funding, \$600 million of new debt lines were announced today. Secured at attractive margins and averaging 4.3 years, these lines extend the average tenor of the Group's debt and improve liquidity ahead of the expiry of \$1.5 billion in undrawn debt in October 2010 and well in advance of GPT's next major expiry at the end of 2012.

GPT's hedging position has been dramatically simplified and the risk within the Group's hedges reduced through the termination of excess offshore derivatives in November last year.

The substantial improvements in GPT's capital position have resulted in improved credit ratings, with two upgrades from Moody's (to Baa1) and one from Standard and Poor's (to BBB+) since May 2009. GPT remains committed to improving these ratings and is well placed to achieve upgrades over the short to medium term.

“With a strengthened balance sheet, solid liquidity position, stronger credit ratings and a clear strategy to optimise GPT’s financial position, we have made good progress on our goals. Further credit rating upgrades, diversifying debt sources and extending the tenor of the Group’s debt will be the key areas of focus for capital management in 2010,” Mr O’Brien said.

Valuations / NTA

GPT’s total assets, of \$9.2 billion at 31 December 2009, reflect the impact of non-cash asset value movements and the sale of assets. Net tangible assets (NTA) per stapled security of \$0.69, includes the impact of GPT’s \$1.7 billion capital raising in the period, which enabled GPT to accelerate its exit from the Joint Venture with Babcock & Brown.

BOARD AND MANAGEMENT

Further changes have been made to the Group’s board and management since the Annual General Meeting in May 2009.

In the second half, two new Non-Executive Directors, Brendan Crotty and Eileen Doyle, joined the three new Directors appointed in May - Lim Swe Guan and Rob Ferguson (Non-Executive Directors) and Michael Cameron (CEO and Managing Director).

Board Chairman Ken Moss has announced his intention to step down at the 2010 Annual General Meeting and it is intended (subject to ratification by investors) that the current Deputy Chairman, Rob Ferguson, will assume the role of Chairman. Ian Martin has also indicated that he will not stand for re-election at the 2010 Annual General Meeting. Consistent with the Board’s desire to implement a planned succession, three of the new Directors, including Rob Ferguson, will have been on the Board for a full year at this time.

STRATEGY

On 6 August 2009, Michael Cameron presented the vision for a reinvigorated GPT firmly focused on a future in Australia. The refined strategy, based on active ownership of Australian retail, office and industrial real estate, is aimed at increasing returns to Securityholders and improving the security price over the next five years.

“With our 2009 targets achieved, we are now in excellent shape to capitalise on our competitive strengths of scale, quality, diversity and culture,” Mr Cameron said.

The strategy of active ownership of high quality Australian real estate builds on the Group’s strong track record, whilst leveraging the Group’s demonstrated ability to diversify its capital sources

through its successful wholesale funds management business. Structured rent increases across the majority of the portfolio will contribute to income growth over the period. The strategy reasserts the principles of innovation, excellence and governance established by the late Dick Dusseldorp, the founder of GPT 39 years ago.

Core Business

The Retail, Office and Industrial/Business Park Portfolios performed well at an operational level with comparable income growth of 4.8%, 2.6% and 2.5% respectively. The quality of the assets and GPT's leadership position in Corporate Responsibility provide a strong base for future performance and a significant competitive advantage.

The Group's \$4.9 billion Australian wholesale funds (GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund) continued to attract investment through the operation of the Funds' Distribution Reinvestment Plans. GPT owns approximately one third of each Fund and is committed to the long term growth and performance of the Funds. The establishment of strong relationships with quality domestic and international institutional capital partners is a key component of GPT's strategy and business model.

Other Investments

Investments outside the core business now represent less than 10% of the Group's real estate investments.

Non-core asset sales of \$1.1 billion were announced during the year. Remaining assets include Ayers Rock Resort and the Homemaker City and US Seniors Housing Portfolios.

"Whilst we are committed to the sale of the remaining \$735 million of non-core investments, we would prefer to hold these high quality, high yielding non-core assets until the earnings dilution from a sale is minimised," Mr Cameron said.

DEVELOPMENT AND CORPORATE RESPONSIBILITY

GPT has two major developments currently underway – Charlestown Square and One One One Eagle Street. Both developments will add high quality investments to the Group's portfolio and deliver leading sustainability outcomes.

GPT's \$470 million expansion of Charlestown Square will complete in the second half of 2010, growing the centre to almost double its size from 49,000 sqm to 88,000 sqm. Building on the achievements of Rouse Hill Town Centre, the development is targeting an ecological footprint that is 30% smaller than a standard centre of the same size.


One One One Eagle Street is a Premium-Grade office development in Brisbane's "Golden Triangle" targeting a world leadership 6 Star Green Star rating. Forecast to complete at the end of 2011 and with construction progressing well, the development will come on line when the demand cycle is anticipated to have improved.

Mr Cameron said: "The Group's \$2.4 billion pipeline provides the potential to significantly accelerate the Group's annual spend on development in the medium term, subject to the constraints of our capital management policies."

Providing a competitive advantage in asset management and development, GPT will continue to progress its Corporate Responsibility global leadership position. GPT has received extensive recognition in Australia and internationally for the Group's commitment to achieving leadership in development excellence and sustainability.

Over the course of 2009 GPT was awarded:

- The Banksia Foundation's Large Business Sustainability Award, Australia's most prestigious environmental accolade recognising environmental excellence;
- The number one position on the Dow Jones Sustainability World Index for the Real Estate sector (the world's top independent indicator of the performance of leading sustainability-driven companies);
- Property Council of Australia's Top Property Development for 2009, Best Shopping Centre and Best Industrial buildings;
- Two Gold Awards from the International Council of Shopping Centres (Asia) (Best Shopping Centre of the Year and Best Sustainability Project) for Rouse Hill Town Centre; and
- The Australian Urban Taskforce Development Award for Sustainable Development for workplace⁶.



In January 2010 GPT was recognised as the number one real estate business in the inaugural Global Environmental Real Estate Index. Commissioned by major fund managers, the Index measures the environmental performance of the commercial real estate sector globally.

OUTLOOK

GPT's strengths of scale, quality, diversity and culture position it well to continue to implement its clearly articulated strategy of active ownership of Australian retail, office and industrial real estate.

"In addition to strong growth opportunities, GPT has an extensive development pipeline as well as significant capacity and capability to deliver on prospects that will arise as real estate and debt markets continue to improve.

"While we remain cautiously optimistic about the speed of economic recovery, key indicators for employment, retail spending and confidence are positive. This will assist in further stabilising asset values, which together with our high occupancy levels and long lease expiries, will allow us to deliver stable and attractive returns to investors," Mr Cameron said.

The Group's near term focus is to achieve income growth in excess of CPI annually from the core portfolio, with long term results providing a total return in excess of GPT's Weighted Average Cost of Capital of 8.5% through the cycle.

The Group is targeting 2010 realised operating income to be above the 2009 result with a distribution of at least 3 cents per security. Should the proposed 1 for 5 consolidation of the Group's securities on issue be approved by investors at the 2010 Annual General Meeting, there will be a commensurate increase in the distribution per security.

"As demonstrated by today's result, we have seen the benefits of the Group's revised strategy as the business has returned to growth in the second half of the year. The high quality of GPT's domestic business provides a stable base and a solid foundation for the future," Mr Cameron said.

- Ends -

GPT's Full Year Results Presentation will be web cast via the Group's website (www.gpt.com.au) on Tuesday 23 February 2010 at 11.00am (Sydney time).

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