

25 February 2011 2010 Annual Result

*GPT delivers on its promise of strength, stability and earnings growth
with 9% earnings uplift*

KEY HIGHLIGHTS

FINANCIAL

- Realised Operating Income (ROI)¹ for the year ended 31 December 2010 of \$410 million, up 9% on December 2009
- Realised Operating Income per ordinary security of 20.7 cents
- Cash distribution of 16.3 cents per ordinary security
- Increase in net tangible assets per security (NTA) to \$3.60
- Statutory A-IFRS net profit of \$707.3 million (\$1,070.6 million loss in 2009)
- Achieved 15% reduction in corporate overheads

OPERATIONAL

- Higher occupancy and long lease expiry profile for core property portfolio
- Average comparable income growth of 3.2% across the retail, office and industrial portfolios
- Completed \$470 million Charlestown Square retail expansion
- Retained number one global sustainability rating²
- Announced a major expansion of Highpoint shopping centre, which will bring the first David Jones store to western Melbourne

STRATEGIC

- Significant progress on debt initiatives, including lower cost of debt, optimised liquidity position and further upgrade in credit ratings
- Sale of \$1.2 billion of non core assets including Ayers Rock Resort announced in October 2010 and US Seniors portfolio announced in February 2011
- Approximately \$800 million capital raised for wholesale funds

GUIDANCE

- 2011 EPS growth of at least CPI plus 1%³
- Dividend payout ratio of no less than 80%

¹ Before payment of distribution on exchangeable securities on issue.

² In the Dow Jones Sustainability Index for the Global Real Estate Sector.

³ EPS defined as Realised Operating Income per ordinary security. Assuming CPI growth of approximately 3%.

FINANCIAL HIGHLIGHTS

	FY 2010	FY 2009
Total Realised Operating Income (\$m)	410.0	375.8
A-IFRS net profit/(loss) (\$m)	707.3	(1,070.6)
ROI per ordinary security (cents)	20.7	23.8
Distribution per ordinary security (cents)	16.3	22.5
Total assets (\$m)	9,752	9,163
Total borrowings (\$m)	2,453	2,184
Net tangible assets per security (\$)	3.60	3.46
Gearing ⁽¹⁾ (%)	24.9	23.5

⁽¹⁾ As at 31 Dec 2010. Note that following settlement of the US Seniors sale, the gearing ratio will reduce to approximately 22.5%

OVERVIEW

The GPT Group (GPT) today announced Realised Operating Income of \$410 million for the year ended 31 December 2010, 9.1% higher than 2009, and a cash distribution of 16.3 cents per security for the full year.

Statutory (A-IFRS) profit for the year ended 31 December 2010 was \$707.3 million, a significant improvement on the previous year loss of \$1,070.6 million. The difference between the Group's underlying Realised Operating Income and the statutory profit reflects the impact of non-cash items, largely increases in the valuation of assets.

GPT's assets totalled \$9.8 billion at 31 December 2010, higher than in December 2009 driven by additional capital expenditure and an increase in asset values. Net tangible assets (NTA) increased by 4% to \$3.60 per stapled security.

Michael Cameron, GPT's Chief Executive Officer and Managing Director, said: "We have been on a journey to reinvigorate GPT. When we reported the half year results in August we said 2010 was the year that GPT would return to strength, stability and earnings growth. Today I'm pleased to report we are stronger, we have stabilised and we have delivered 9% earnings growth.

"We've also delivered on a long list of 2010 objectives, including lowering debt costs, achieving income growth, reducing corporate expenses and completing a \$470 million redevelopment at Charlestown Square.

"With the sale of non core assets now largely completed, GPT is well positioned to continue optimising the performance of its high quality portfolio of Australian assets, setting the foundation for superior performance in the future," Mr Cameron said.

FINANCIAL POSITION

- \$2.0 billion new and extended debt facilities secured at attractive terms
- 24.9% headline gearing⁴ (net debt basis)
- 29.7% look through gearing⁴ (net debt basis)
- Estimated average cost of debt for 2010 reduced by 0.8% from forecast
- Credit rating upgrades (Standard & Poor's to A- and Moody's to A3)
- Average term of debt facilities extended to 5 years (from 3.3 years)
- Liquidity profile optimised by closing out excess facilities and implementing forward start agreements
- Delivered 15% savings in corporate overheads

Michael O'Brien, GPT's Chief Financial Officer, said: "We are very pleased with the progress we have made on our capital management initiatives in 2010, which has significantly strengthened the financial position of the Group. These initiatives will continue to impact positively on the business in 2011, providing flexibility and further reducing the forecast cost of debt for 2011 to less than 7.0 per cent.

"We will continue to focus on delivering efficiencies through productivity improvements to be implemented in 2011.

CORE BUSINESS

- Average comparable income growth of 3.2% across the core portfolios (Retail 4.7%, Office 1.6%, Industrial 2.7%)
- High portfolio occupancy levels further improved
- Wholesale funds management platform successfully raised c.\$800 million (including GPT sell down)
- \$470 million Charlestown Square expansion opened in November 2010
- Ongoing results from leadership in sustainability and community initiatives

2010 was a year of solid operational performance by the core portfolio delivering an average of 3.2% income growth, improving already high occupancy levels and maintaining long lease expiry profiles. With the weighted average capitalisation rate of the portfolio remaining relatively flat, and a valuation uplift of \$110 million recorded, there are positive signs of a turnaround in asset values.

GPT successfully completed almost \$800 million in capital raisings for its wholesale funds business including a \$578 million capital raising for GWOF and a \$216 million selldown of the Group's investment. This demonstrates the strength of its relationship with a wide base of high quality

⁴ As at 31 Dec 2010. Note that following settlement of the US Seniors sale, the gearing ratio will reduce to approximately 22.5% and the look through gearing ratio will reduce to 24.3%.



investors. Enhanced returns will be delivered from the continued sell down of GPT's investment to reach its target of 20% in both funds.

The 41,000 sqm retail expansion at Charlestown Square in the Hunter region of NSW was opened in November 2010 and early trading performance has been above expectations.

In addition to the Charlestown Square redevelopment, in 2010 GPT's development portfolio included a major office tower, One One One Eagle Street in Brisbane, redevelopment of the premier retail centre, Melbourne Central, and a business park development in Sydney Olympic Park, 5 Murray Rose. These are all well underway.

GPT has also announced it will manage a \$300 million expansion of Highpoint shopping centre, which will bring the first David Jones store to western Melbourne. In addition to the \$150 million investment by the wholesale fund (of which GPT owns 22%), GPT will directly invest \$50 million in the development project.

With a \$3.3 billion pipeline of development opportunities across its owned and managed assets, GPT will continue to undertake opportunities to add value to the portfolio and generate enhanced returns to investors.

The construction of One One One Eagle Street is currently ahead of schedule and final leasing discussions are underway with a number of substantial tenants. Damage to the electrical equipment from the Queensland floods will delay the building becoming operational, but will not impact the occupancy of the first tenant. GPT took a \$27m write down in December 2010, reflecting higher incentives and a longer let up period as a result of the current state of the Brisbane market.

Michael Cameron said, "Notwithstanding the currently subdued Brisbane market, One One One Eagle Street will ultimately be an outstanding premium six star green star asset, that is attractive to blue chip tenants."

GPT is a global leader in environmental performance, achieving number one global ranking in the real estate sector in the Dow Jones Sustainability Index for the second consecutive year. Sustainability is embedded in the business, delivering value to investors and providing a competitive advantage to the Group.

OUTLOOK

In 2011, GPT will continue to focus on optimising the performance of the business through a number of strategic objectives:

1. Closing the gap to NTA through further reduction in GPT's stake in its wholesale funds, sale of non income producing assets and additional operational efficiencies.

2. Optimising capital allocation through a framework to ensure capital is allocated to the best returning opportunity relative to the whole portfolio.
3. Enhancing growth potential for the long term through enhancing existing assets, delivering innovative value-creating developments and identifying opportunities for additional revenue growth.
4. Equipping employees for high performance by implementing programs to build skills, enhance innovation and productivity.

GPT's long term goal is to deliver:

- Average EPS growth greater than CPI plus 1% per annum
- Total returns greater than 9% per annum
- High relative Total Securityholder Return

Guidance for 2011 is for GPT to generate EPS growth in excess of CPI plus 1%⁵. In addition, GPT will maintain a distribution payout ratio of no less than 80% of ROI.

Michael Cameron said: "With the vast majority of non core asset sales now completed, GPT is focused on optimising its portfolio of high quality Australian properties and is on track to become Australia's "best performing" property group."

ADDITIONAL INFORMATION

	FY 2010 (\$m)	FY 2009 (\$m)
Core Business realised operating income	530.8	534.2
Non-core Operations realised operating income	57.7	49.9
Financing and corporate overheads	(178.5)	(208.3)
Realised Operating Income	410.0	375.8
Changes in Fair Value of Assets (non-cash)		
• Valuation increases/decreases		
Core domestic Portfolio and Funds Management	102.8	(774.5)
Hotel/Tourism Portfolio	(4.4)	(85.9)
European assets	(9.5)	(79.3)
US Seniors Housing	245.9	(37.8)
Joint Venture Fund	4.8	(1,092.9)
• Profit / (Loss) on Disposals	12.1	(18.5)
• Financial instruments marked to market value and foreign exchange gains	5.2	695.1
Other Items	(59.6)	(52.6)
Net profit/loss after tax	707.3	(1,070.6)

⁵ Assuming CPI growth of approximately 3%.



- Ends -

GPT's Annual Result Presentation will be web cast via the Group's website (www.gpt.com.au) on Friday 25 February 2011 at 11.00am (Sydney time).

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