

GPT Annual Result 2011

20 FEBRUARY 2012



The GPT Group



# Agenda



Michael Cameron  
CEO

- Strategy
- Business Performance

- Financial Result
- Capital Management



Michael O'Brien  
CFO

Note: All information included in this presentation includes GPT owned assets and GPT's interest in the Wholesale Funds (GWSCF and GWOFF) unless otherwise stated. All retail data excludes the Queensland Homemaker City portfolio.

# 2011 annual result

## Delivering on our promises



Strong operating performance



Active capital management

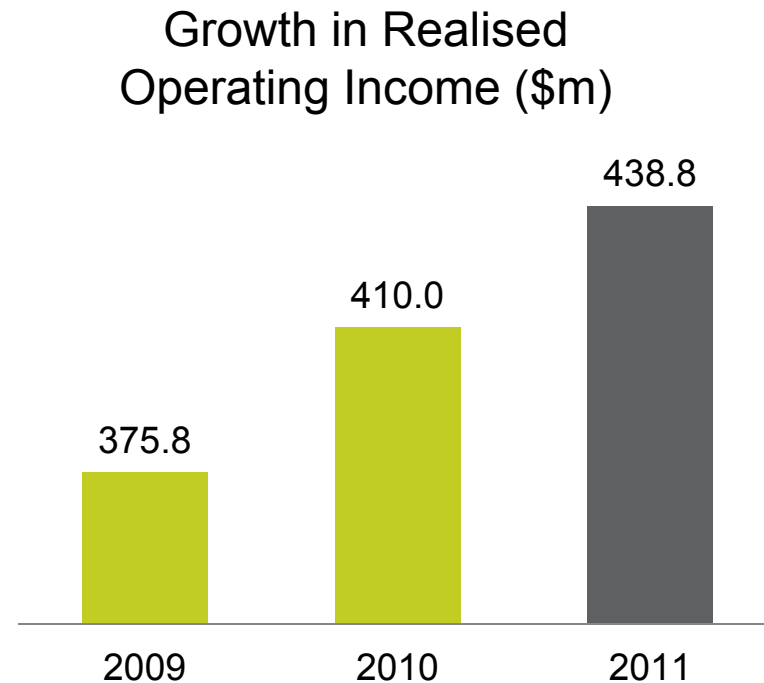


Well positioned for growth

# Strong operating performance

## Increased operating earnings in 2011

- Operating profit of \$438.8m<sup>(1)</sup>, up 7.0%
- Statutory profit of \$246.2m
- EPS growth of 8.1%<sup>(2)</sup>
- DPS growth of 9.2%
- Comparable income growth of 3.6%
- Expansion through development



All numbers for the twelve months to 31 December 2011 compared with the previous corresponding period.

(1) Statutory profit of \$246.2m, adjusted for change in fair value of assets (\$45.7m), release of foreign currency translation reserve \$47.6m, financial instruments marked to market and foreign exchange gains/(losses) \$150.3m, and other items \$40.4m.

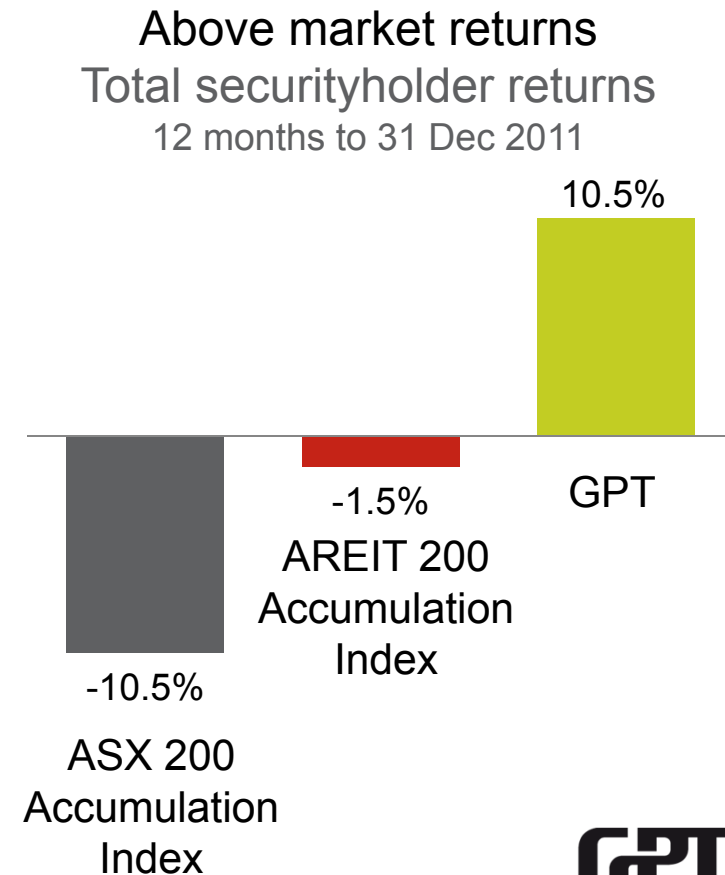
4 (2) EPS defined as ROI per ordinary security.

# 2011 performance

## Strong returns for investors

- For investors, GPT offers a secure, reliable investment targeting superior risk-adjusted returns over time

Targets	2011
<b>EPS growth &gt; CPI+1%</b>	8.1% <sup>(1)</sup> - well ahead of target
<b>Total returns &gt; 9%</b>	4.9% - impacted by mark to market derivative movement
<b>Leading relative Total Securityholder Return</b>	10.5% - well above AREIT index



(1) EPS defined as ROI per ordinary security.

# Capital management

## Active management of capital levers

- Cost of debt reduced by 80bps<sup>(1)</sup>
- Low gearing at 22.9% and average term of debt 5.3 years
- Activated on-market buy-back
- Completed \$517 million sell-down in wholesale funds
- Strategy to opportunistically increase exposure to Industrial
- Selective asset divestment

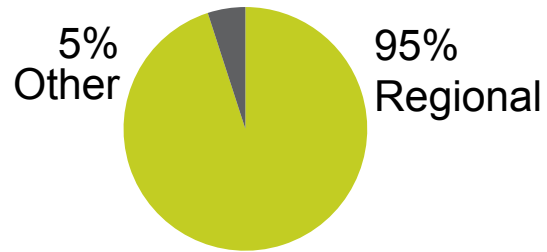


(1) Average cost of debt in 2011 compared to average cost in 2010.

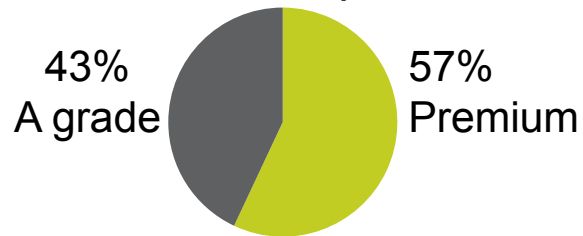
# Well positioned for growth

## High quality core portfolio generating stable returns

**Retail:** 95% regional



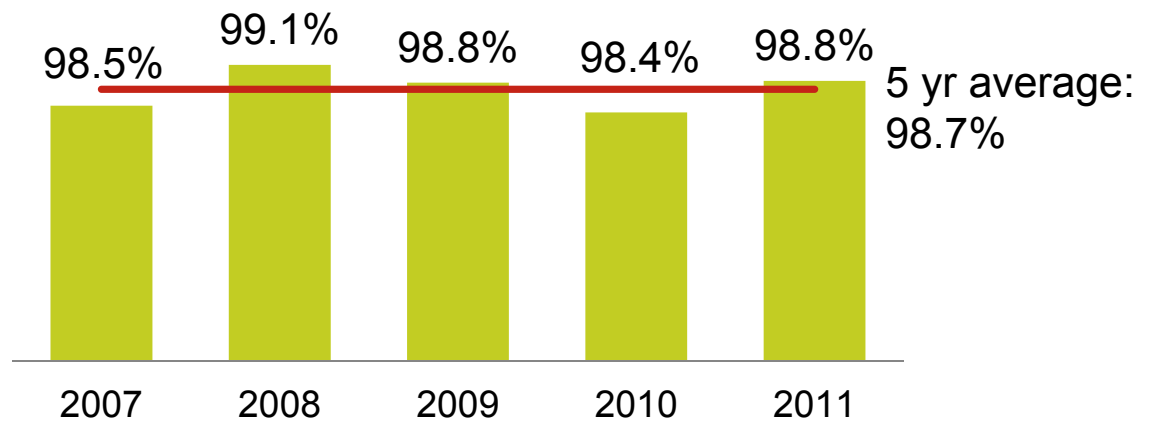
**Office:** 100% prime



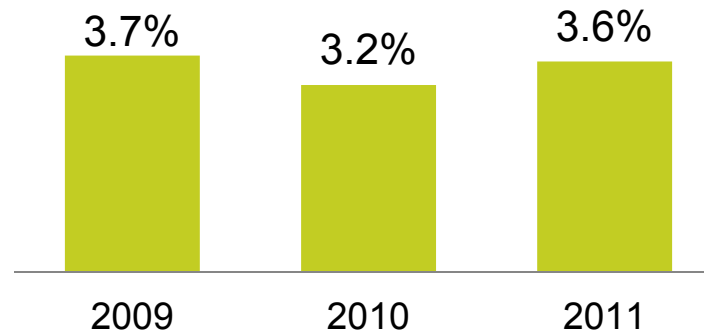
**Industrial:** 100% prime



Total portfolio average occupancy



Comparable income growth



# Well positioned for growth

## Platforms to accelerate performance

**OPTIMISE**  
To achieve targets



**EXPAND**  
To accelerate performance

- Rental growth
- Expense discipline
- Capital management
- Portfolio management

- Development
- Funds growth
- Other revenue sources
- Asset acquisitions



# 2011 annual result summary

Financial Result

Operating earnings per security up 8.1% and distribution up 9.2%

## GPT Financial Summary

Year to 31 December (\$m)	2011	2010
<b>Total Realised Operating Income (ROI)</b>	<b>438.8</b>	<b>410.0</b>
Changes in fair value of assets – Core	84.7	102.8
Changes in fair value of assets – Non-core	(39.0)	236.8
Release of Foreign Currency Translation Reserve (FCTR)	(47.6)	39.6
Financial instruments marked to market and net foreign exchange gains/(losses)	(150.3)	5.2
Other	(40.4)	(87.1)
<b>A-IFRS net profit/(loss)</b>	<b>246.2</b>	<b>707.3</b>
ROI per ordinary security (cents) <sup>(1)</sup>	22.4	20.7
Distribution per ordinary security (cents)	17.8	16.3

(1) ROI per ordinary security is post distribution on exchangeable securities.

# Segment performance

## Strong contributions from all business units

### Realised Operating Income by segment

Year to 31 December (\$m)	2011	2010	Comment
Retail	310.1	267.3	Comparable income growth of 3.6% plus Charlestown impact
Office	118.7	114.8	Comparable income growth of 4.0%
Industrial	56.6	54.4	Comparable income growth of 2.8%
Funds Management	84.2	94.3	GPT sell-down completed Distribution growth of 7.3%
Non-core	31.9	57.7	Divestment of Ayers Rock Resort and US Seniors portfolio completed
Corporate			
- Interest expense	(131.9)	(149.8)	Reduced amount and cost of debt
- Corporate overheads <sup>(1)</sup>	(30.8)	(28.7)	Impacted by one off items
<b>Total Realised Operating Income (ROI)<sup>(2)</sup></b>	<b>438.8</b>	<b>410.0</b>	

(1) Includes corporate tax benefit.

(2) Realised Operating Income is pre distribution on exchangeable securities.

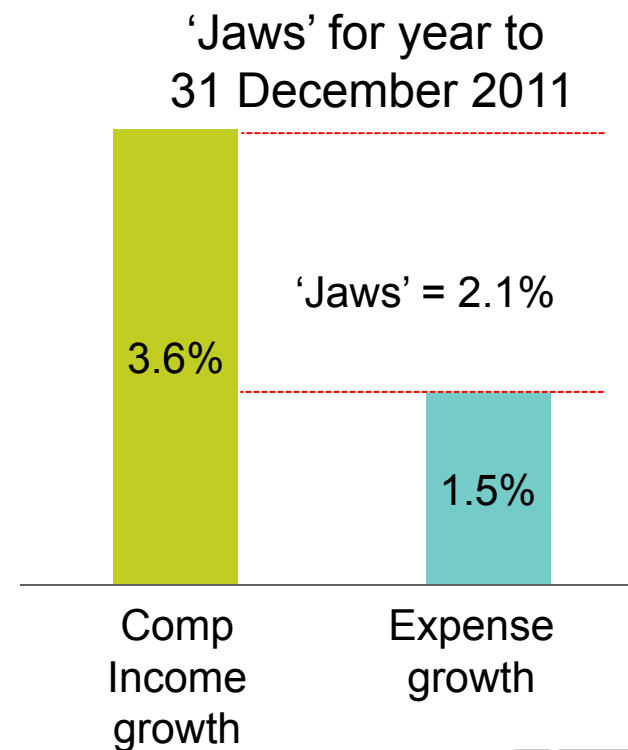
# Management expenses

## Income growth continues to exceed expense growth

- Comparable income growth of 3.6% outpacing comparable management expense growth of 1.5%

### Expenses

Year to 31 December (\$m)	2011	2010
Corporate Overheads	30.8	28.7
Portfolio Expenses	48.3	44.4
Add back: Tax Benefit	8.6	5.7
Less: One-off Items <sup>(1)</sup>	(7.4)	0.3
<b>Ongoing Management Expenses</b>	<b>80.3</b>	<b>79.1</b>



# Balance sheet

## Well positioned balance sheet

### GPT Balance Sheet

As at 31 December	2011	2010
Total assets (\$m)	9,279	9,752
Total borrowings (\$m)	2,144	2,453
Net tangible assets per security (\$)	3.59	3.60
Gearing (%) <sup>(1)</sup>	22.9	24.9
Look through gearing (%) <sup>(1)</sup>	24.4	29.9
Interest cover ratio (x)	4.2	3.7

### Credit ratings

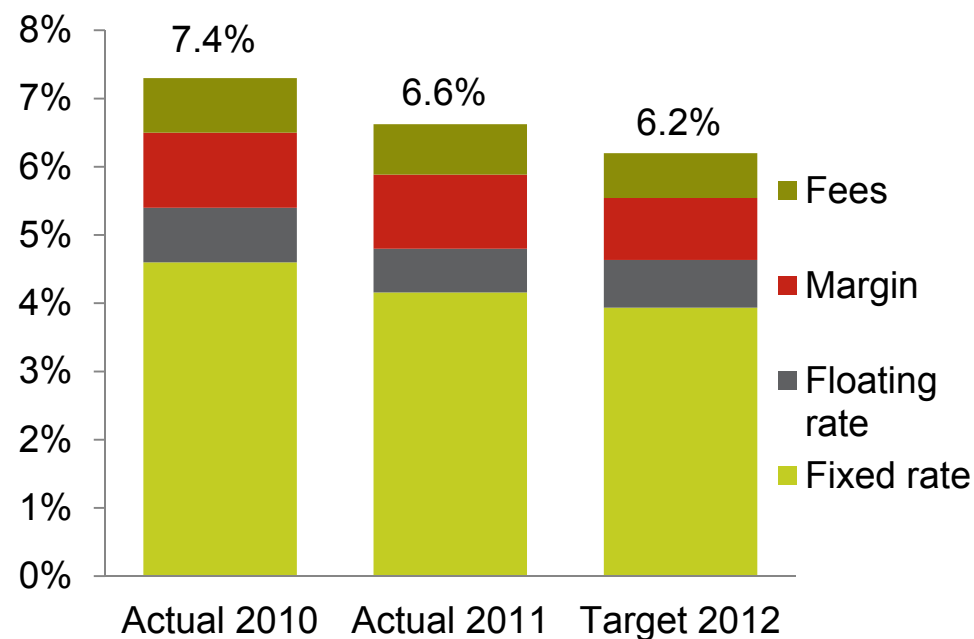
As at 31 December	2011	2010
Standard & Poor's	A- (stable)	A- (stable)
Moody's	A3 (stable)	A3 (stable)

# Capital management

## Progressive reduction in cost of debt

- Average cost of debt reduced through:
  - Tight liquidity management
  - Cancellation of expensive loans
  - Renegotiation of existing loans
  - Termination of expensive hedges as asset sale proceeds received
- Cost of debt in 2012 is earnings enhancing

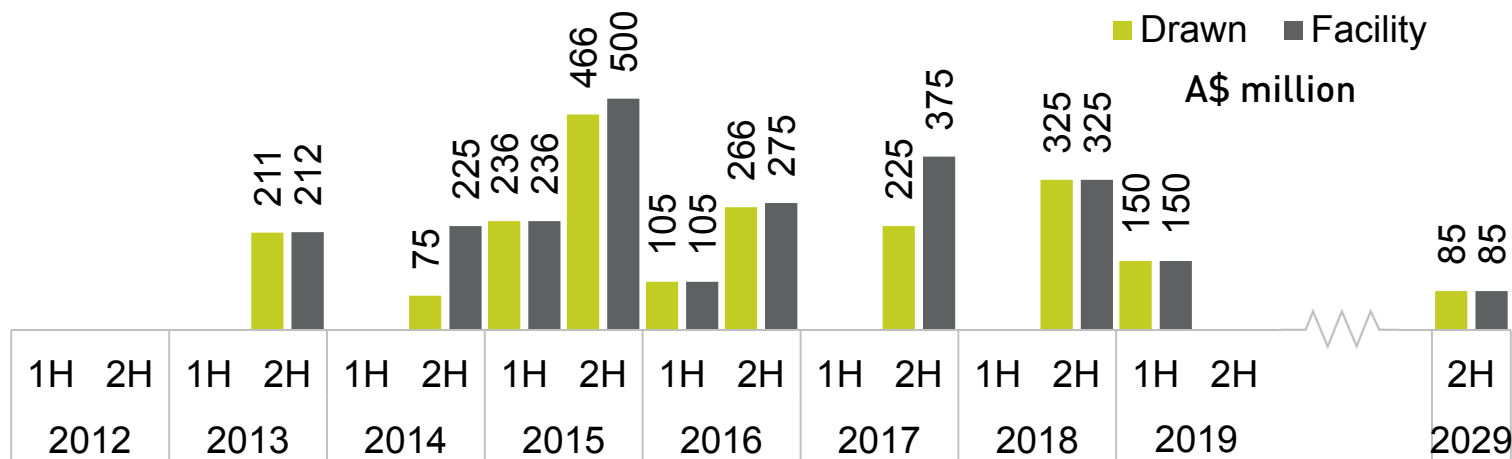
Average cost of debt



# Capital management

## Flat maturity profile with long tenor

Debt maturity profile<sup>(1)</sup>



- \$150 million bond issue in January 2012
  - lengthened tenor
  - diversified sources of debt
- Weighted average term to maturity of 5.3 years, ahead of medium term target of > 4 years

14 (1) Pro forma – includes January 2012 Medium Term Note issue.

# Capital management

## Progress on security buy-back

- Buy-back commenced 25 May 2011
- Completed half of current target
- Disciplined approach to deliver accretion to earnings and NTA

### On-market security buy-back

As at 20 January 2012	
Securities acquired	46.1m
% of securities on issue <sup>(1)</sup>	2.5%
Cost	\$140.1m
Average price paid	\$3.04
Average discount to NTA	15.3%
Value created <sup>(2)</sup>	\$25.8m

(1) Proportion of the number of securities on issue at the commencement of the buy-back.

(2) Value created calculated as the difference between the cost of securities purchased and NTA.

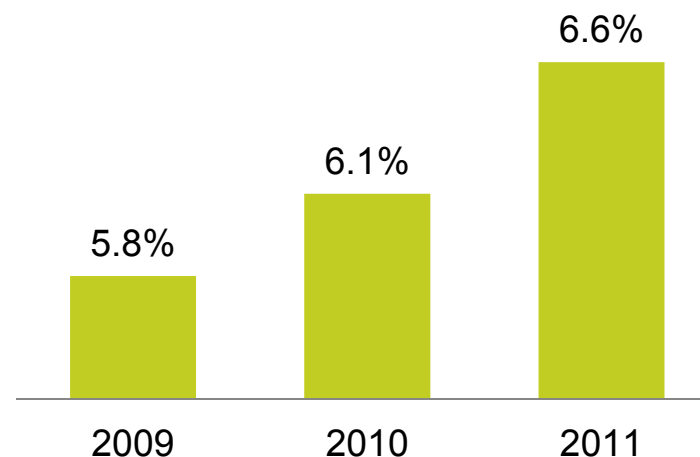
Buy back period: 12 months from 25 May 2011. Current target is 5% of issued securities.

# Earnings drivers

## Progress in removing earnings drags

Initiatives	Update
Efficiency gains	✓ Target exceeded, more opportunities
Capital management	✓ Significant gains
Reduced stake in wholesale funds	✓ Completed
Sale of non income producing assets	– Slow progress

Yield on NTA<sup>(1)</sup>

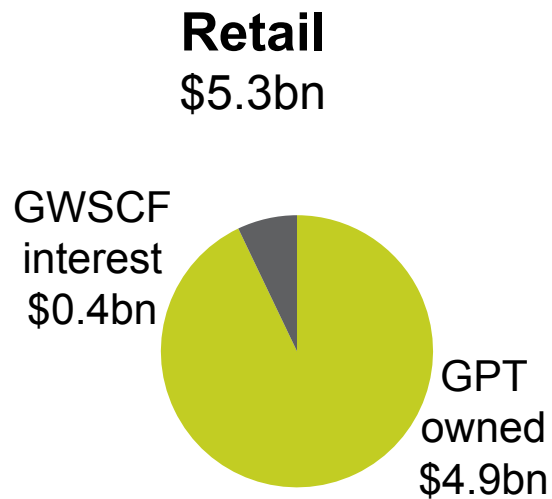


(1) 2009 yield has been adjusted for the capital raising undertaken that year.

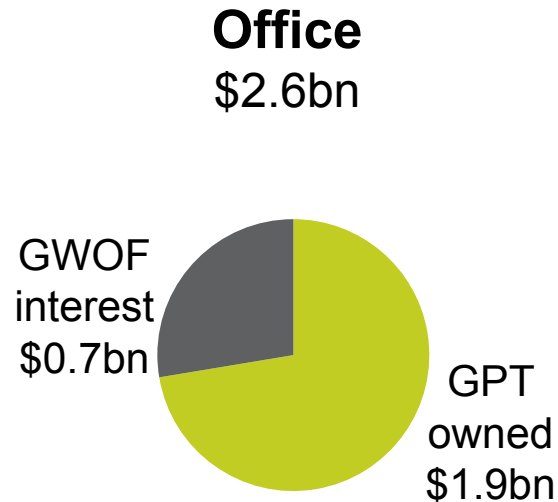


# Investment Management

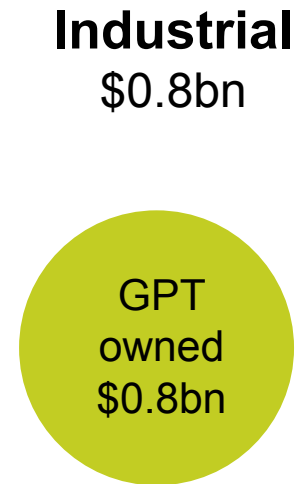
## 3.6% comparable income growth



- Comparable income growth of 3.6%
- WACR of 6.21% (2010: 6.21%)



- Comparable income growth of 4.0%
- WACR of 7.07% (2010: 7.14%)



- Comparable income growth of 2.8%
- WACR of 8.44% (2010: 8.48%)

Assets as at 31 December 2011. Income for the 12 months to 31 December 2011 compared to the previous corresponding period.

# Investment Management – Retail

## High occupancy with low arrears

### Key operating metrics

Year to 31 December	2011	2010
Comparable income growth	3.6%	4.7%
Comparable total centre sales growth <sup>(1)</sup>	0.3%	0.7%
Comparable specialty sales growth <sup>(1)</sup>	1.2%	0.5%
Specialty sales psm <sup>(1)</sup>	\$8,958	\$8,801
Specialty occupancy costs <sup>(1)</sup>	17.6%	17.7%
Occupancy	99.4%	99.9%
Arrears <sup>(2)</sup>	0.5%	0.3%

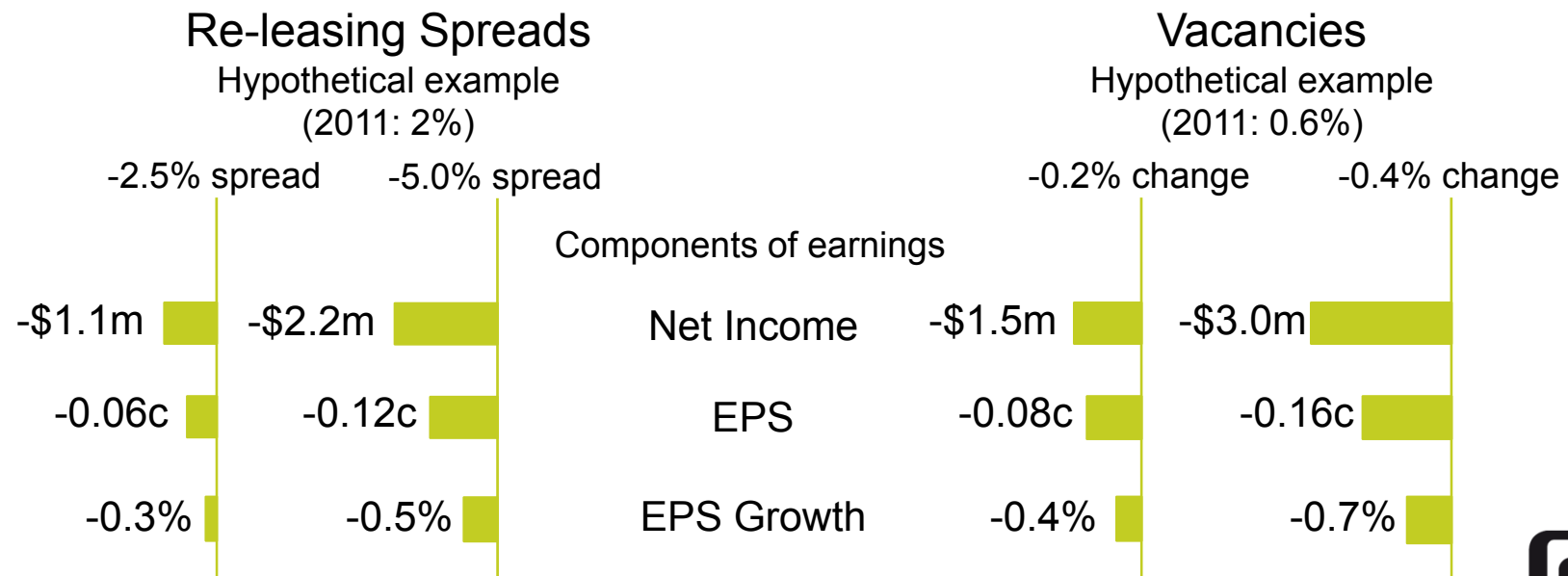
(1) Includes GPT and GWSCF assets and excludes Homemaker assets, Norton Plaza and assets under development. Growth is for the 12 months compared to the prior 12 months.

(2) Includes GPT, GWSCF and Queensland Homemaker assets.

# Investment Management – Retail

## Resilient income despite sales slowdown

- 1.2% specialty sales growth reflected more subdued trading conditions in the second half of 2011
- Continuing to add value through active tenancy re-mixing
- In 2012, 86% of specialty stores have structured rental increases of 4.5%
- Retail income has relatively low immediate sensitivity to sales slowdown



# Investment Management – Retailer health

## Active re-mixing strategies in place

- Re-leasing spreads positive 2% in 2011
- ‘Retail barometer’ used to anticipate and pre-empt retailer issues
- Active retail mixing strategies to minimise exposure to at-risk categories

### Case study – Rouse Hill Town Centre

	GLA (sqm)	Rent (\$ p.a)		GLA (sqm)	Rent (\$ p.a)
Borders	1,872	735,000	Gym	1,333	
			Restaurant 1	175	
			Restaurant 2	195	
			Service	70	
			Storage	99	
			Total	1,872	786,000

# Investment Management – Office

## Strong income growth of 4% achieved in 2011

### Key operating metrics

Year to 31 December	2011	2010
Comparable income growth	4.0%	1.6%
Occupancy	94.2%	93.5%
Occupancy (including terms agreed) <sup>(1)</sup>	96.5%	97.8%
Weighted average lease expiry	4.7 years	5.2 years
Leases signed	93,651 sqm	105,744 sqm
Terms agreed at year end	13,287 sqm	18,426 sqm

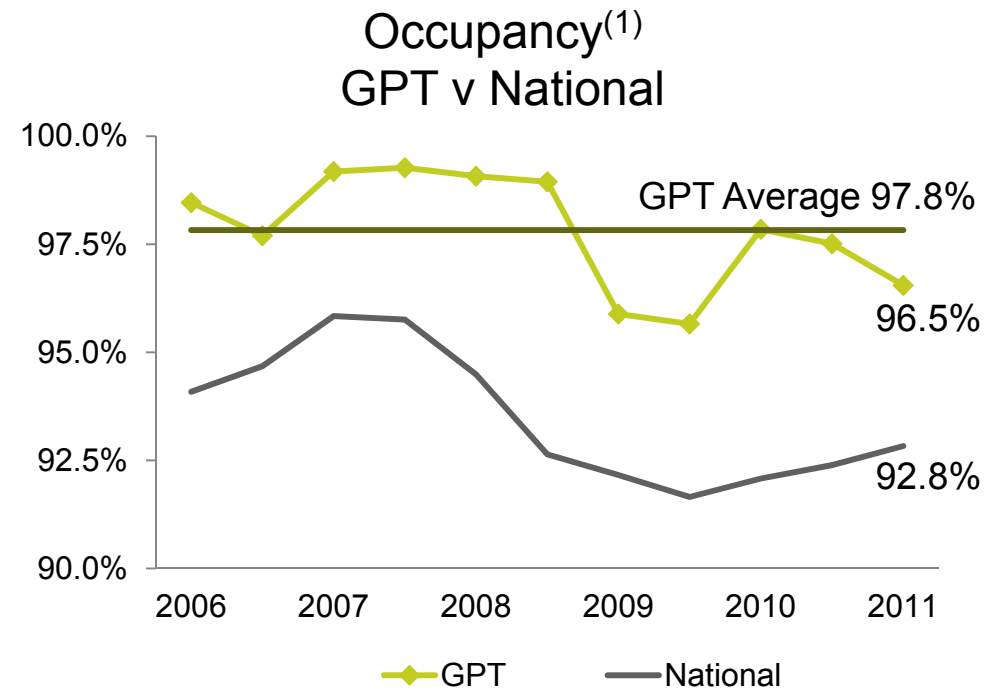
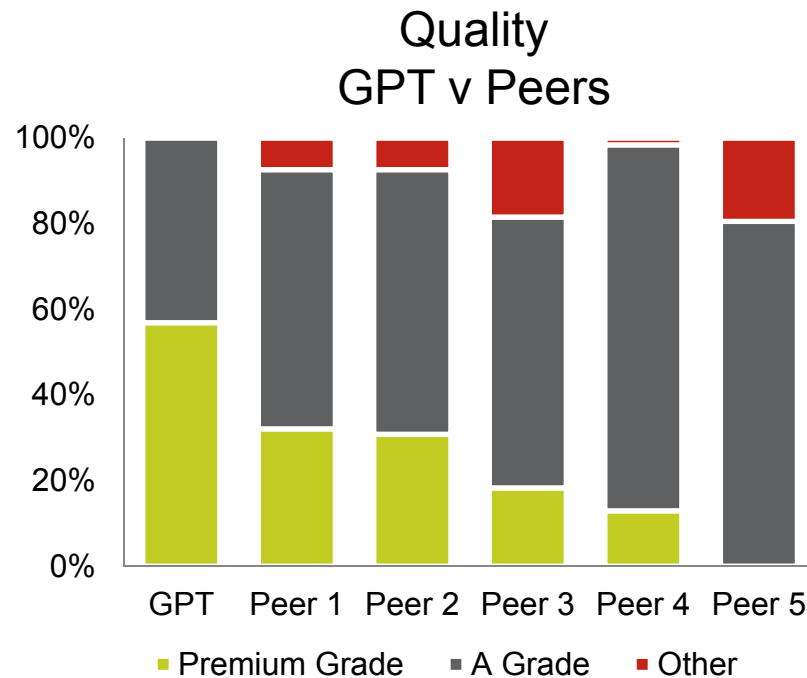
- NABERS Energy rating of 5 stars including green power, highest in the sector<sup>(2)</sup>

(1) Excluding development leasing.  
 (2) Source: Citi Research Jan 2011.

# Investment Management – Office

## Quality portfolio reflected in performance

- 57% of GPT’s Office portfolio is premium grade – the largest proportion of any Australian REIT
- Consistently high occupancy, well ahead of market average
- 83% of GPT’s portfolio is subject to fixed increases of 4%

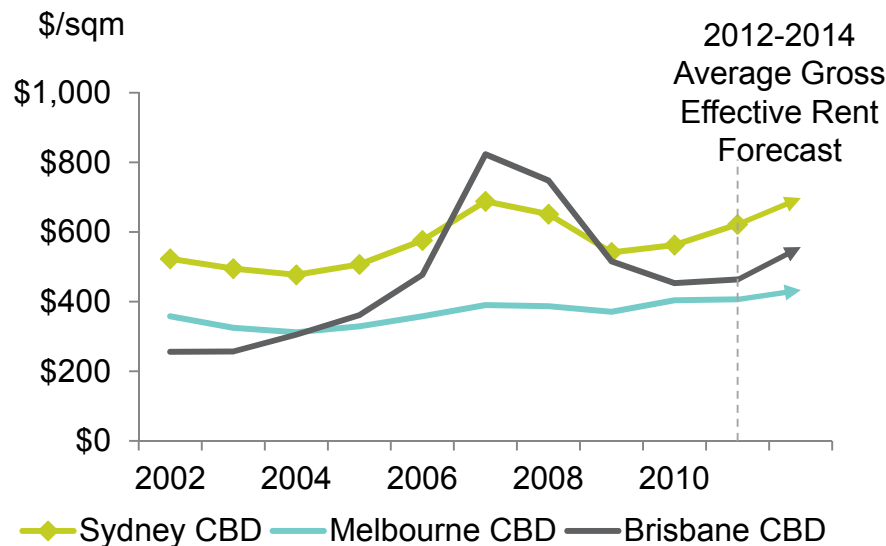


# Investment Management – Office environment

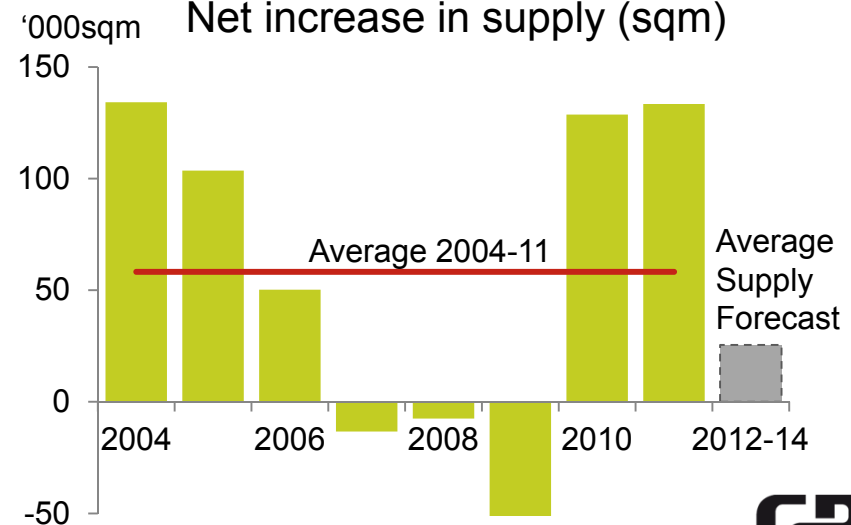
## Conditions mixed across the CBD markets

- Rising rents and positive net absorption in major CBD office markets in 2011
- Prime assets continue to perform well
- Sydney market supported by below average supply over next three years
- GPT's exposure to financial services sector pressure limited by low expiry profile

Prime gross effective rent



Sydney CBD supply  
Net increase in supply (sqm)



# Investment Management – Industrial

## High occupancy driving income growth

- Income growth driven by structured rental increases, low vacancy and limited downtime periods
- 78% of portfolio subject to fixed increases averaging 3.3%
- 9% of leases expire in 2012

### Key operating metrics

Year to 31 December	2011	2010
Comparable income growth	2.8%	2.7%
Occupancy	98.4%	98.4%
Weighted average lease expiry	6.2 years	6.5 years
Leases signed	35,028 sqm	58,984 sqm

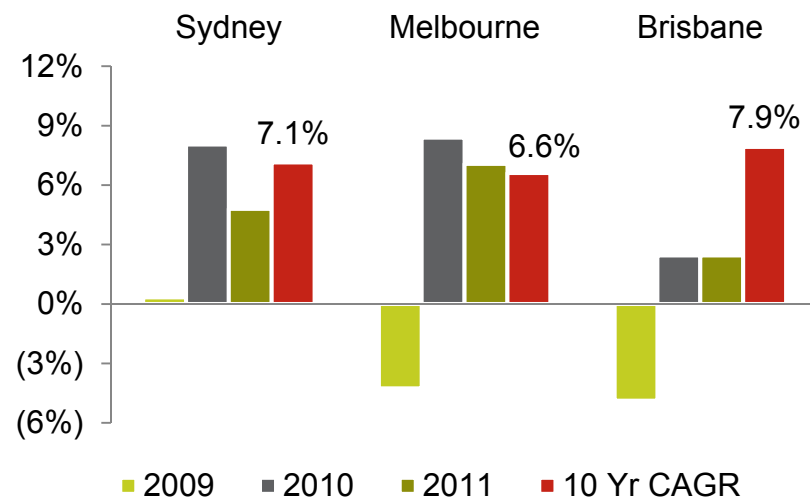


# Investment Management – Industrial environment

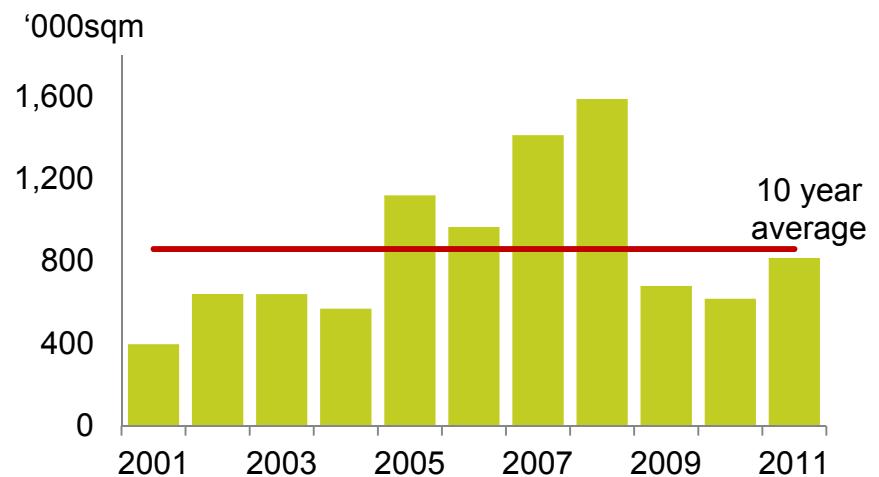
## Limited supply and low vacancy support performance

- Container throughput growth indicates future positive demand
- Soft pre-lease market although more enquiries emerging
- Rents and high occupancy levels supported by below average supply

Container throughput growth<sup>(1)</sup>



Industrial historical supply

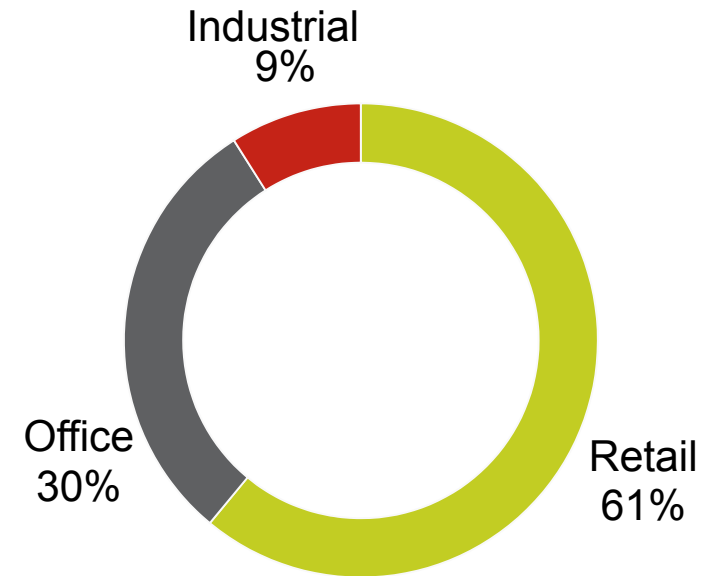


# Investment Management strategy

## Portfolio management approach

- Capital allocation framework used to actively manage the portfolio
- Analysis of historic returns and future forecast investment performance
- Informed by extensive research and market analysis
- Portfolio strategy:
  - Retail, Office and Industrial only
  - High quality assets
  - Office and Industrial sectors are the focus of near term incremental investment

GPT Portfolio Diversity  
as at 31 December 2011



# Funds Management

## Solid performance for 2011

### GWOF as at 31 Dec 2011

Total assets	\$3.3 bn
Gearing <sup>(1)</sup>	12.9%
Occupancy	98.3%
WACR	7.24%
One year total return (post fees)	8.8%

### GWSCF as at 31 Dec 2011

Total assets	\$2.2 bn
Gearing <sup>(1)</sup>	11.3%
Occupancy	99.2%
WACR	6.53%
One year total return (post fees)	10.3%

Returns to GPT (\$m)	2011
GWOF distribution	53.6
GWSCF distribution	22.8
Total distributions received	76.4
GWOF fees	14.5
GWSCF fees	9.4
Total fees received	23.9
Total Income	100.3
Expenses (incl tax expense)	(16.1)
<b>Net Income</b>	<b>84.2</b>

# Funds Management

## Significant capital raised in past 18 months

- New issue and GPT sell down completed at NTA
- Other secondaries at a 1% discount to NTA
- New and existing investors participated in the equity raisings
- Strong demand at NTA
- Funds demonstrating good liquidity

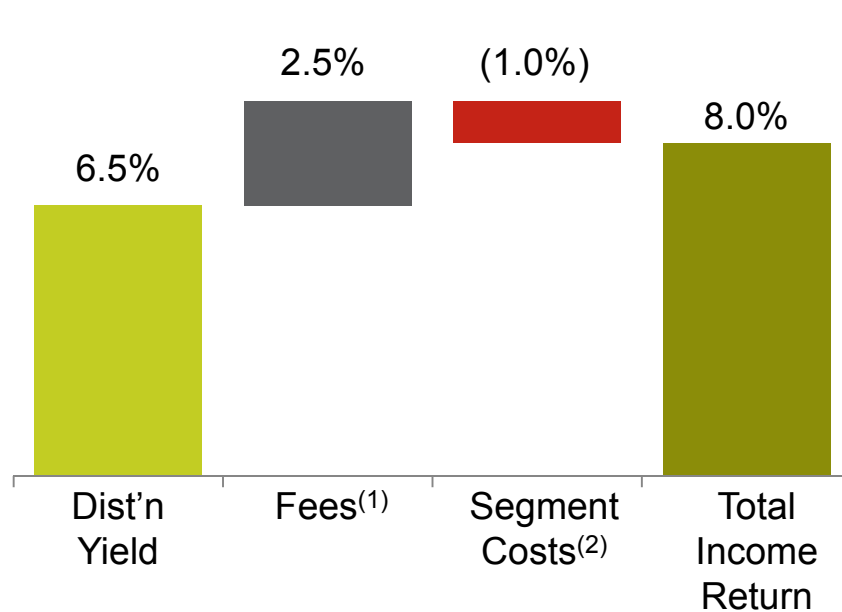
Equity Raised since June 2010	(\$m)
New Issue – GWOF	414
GPT sell-down: GWOF	275
GWSCF	242
Total GPT sell-down	517
Other secondaries	172
<b>Total Raised</b>	<b>1,103</b>

# Funds Management

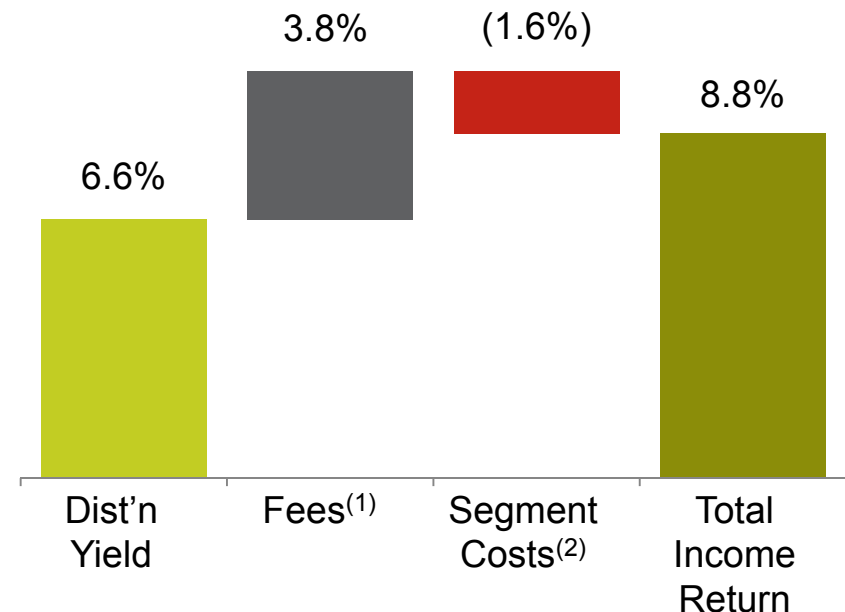
## Enhanced returns from sell-down

- GPT has received an enhanced return of 80 basis points from the completion of its sell-down in the funds

GPT holding at 30 June 2010  
(Office and Retail: 33%)



GPT holding at 31 December 2011  
(Office: 23%, Retail: 20%)



(1) Includes fund, property and development management fees.  
(2) Includes tax expense.

# Development

## \$3.2bn pipeline with significant projects underway

- Highpoint and Wollongong Central developments commenced in 2011<sup>(1)</sup>
- Agreement to lease reached with Lion Group for 100% of 5 Murray Rose
- New development opportunities actively investigated

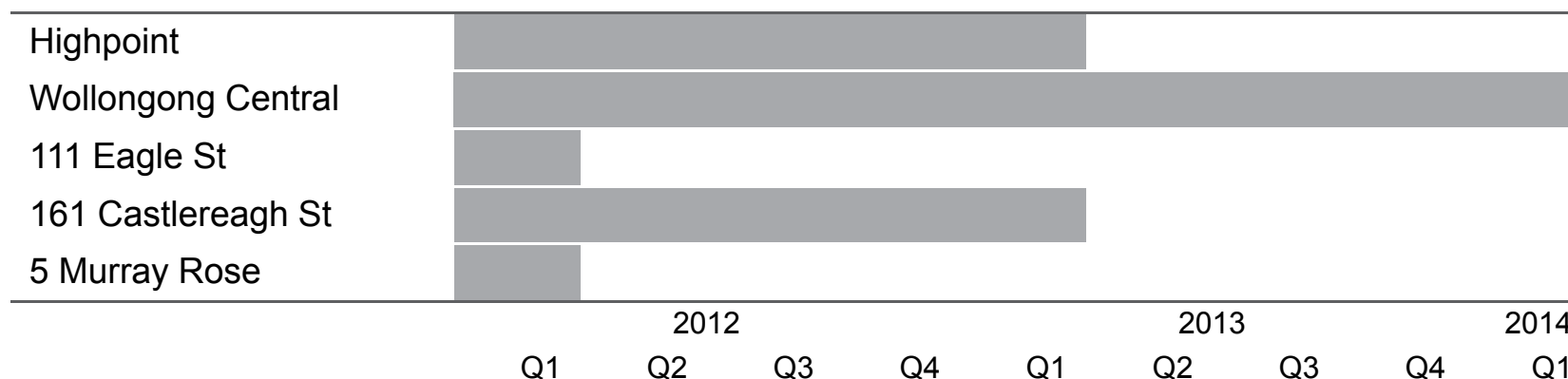
	GPT	Funds	Total
Underway	113	558	671
Planned	895	0	895
Pipeline	1,220	380	1,600
<b>Total</b>	<b>2,228</b>	<b>938</b>	<b>3,166</b>

# Development

## Projects underway

As at Dec 2011	Portfolio	Total Cost (\$m)	Forecast to Complete (\$m)		Target Yield
			GPT	Funds	
Highpoint	Retail	200 <sup>(2)</sup>	34	102	10.0% <sup>(3)</sup>
Wollongong Central	Retail	224	0	193	7.0%
111 Eagle St	Office	464 <sup>(2)</sup>	60	61	7.0%
161 Castlereagh St <sup>(1)</sup>	Office	380	0	202	6.7%
5 Murray Rose	Industrial	60	19	0	8.5%
<b>Total</b>		<b>1,328</b>	<b>113</b>	<b>558</b>	<b>-</b>

### Development timeline – current projects



Note: Development costs exclude external co-owners' contributions.

(1) Grocon is undertaking the development of 161 Castlereagh St. (2) Includes only GPT and the Funds 66.67% share. (3) GPT yield target including fees.

# Development

## One One One Eagle Street update

- 53% of floor space committed vs previous forecast of 40% by PC<sup>(1)</sup>
- Target yield of 7% fully leased
- Norton Rose, Gadens, Ernst & Young and ANZ committed to 26,906 sqm
- Others committed total 6,929 sqm
- Leases to date have averaged \$809/sqm rent and 25% incentives
- Achieved 6 star Green Star rating and targeting 5 Star NABERS Energy rating<sup>(3)</sup>

Leasing	
One One One Eagle St	64,000 sqm
Signed and/or committed	33,835 sqm
Fully committed target date	Jul 2014
Estimated 2012 income impact	-\$7 million

Cost (GPT share <sup>2</sup> )	(\$m)
Spent to 31 Dec 2011	170
Remaining to be spent	60
<b>Total</b>	<b>230</b>

(1) Committed via Heads of Agreement or Agreement for Lease.

(2) Excluding GPT's ownership interest in GWOFF.

(3) New 6 Star NABERS rating opportunity currently being explored.



# Development

## Highpoint update

- Construction activity commenced in March 2011
- Completion on track for early 2013
- Target yield of 10% to GPT<sup>(1)</sup>
- Approximately 100 new specialty stores, David Jones, Woolworths and 1,000 new car spaces
- Strong interest from international flagship retailers
- Leasing campaign commenced Sept 2011 with 21 of the 103 new specialty leases already in place

Leasing	Total GLA
Highpoint	31,200 sqm
Signed and/or committed	18,200 sqm

Cost (GPT share)	(\$m)
Spent to 31 Dec 2011	16
Remaining to be spent	34
<b>Total</b>	<b>50</b>

Cost (GWSCF share)	(\$m)
Spent to 31 Dec 2011	48
Remaining to be spent	102
<b>Total</b>	<b>150</b>

(1) Includes property management and funds management fees.

# Sustainability

## Achievements in 2011

### Environment

In 2011 GPT avoided \$15.9 million in costs<sup>(1)</sup>:

- |                    |                        |
|--------------------|------------------------|
| 1. \$1.4m of waste | 3. \$10.2m electricity |
| 2. \$3.8m of water | 4. \$0.5m gas          |

On target to achieve an average NABERS Energy rating of 4.5 stars (excluding Green Power) for the Office portfolio

### Awards

- DJSI “Gold Class” Sustainability Leaders
- Global RE Sustainability Benchmark Top Ten
- 2011 Landcom Urban Design Award Charlestown
- 2011 Green Globe Business Sustainability Award
- 2011 PCA Thinc Award for Best Sustainable Dev’t - Existing Building
- Best Office Architecture 2011 Asia Pacific Property Awards (Eagle St)

### Social

- >\$1.5m invested in local community partnerships
- 64% of employees volunteering
- Feedback from >9,000 customers
- Community Investment Plans for six retail assets

### People

- 444 employees, 55% female
- Training hours above target
- New work environment: mobility and savings
- Culture renewal program underway

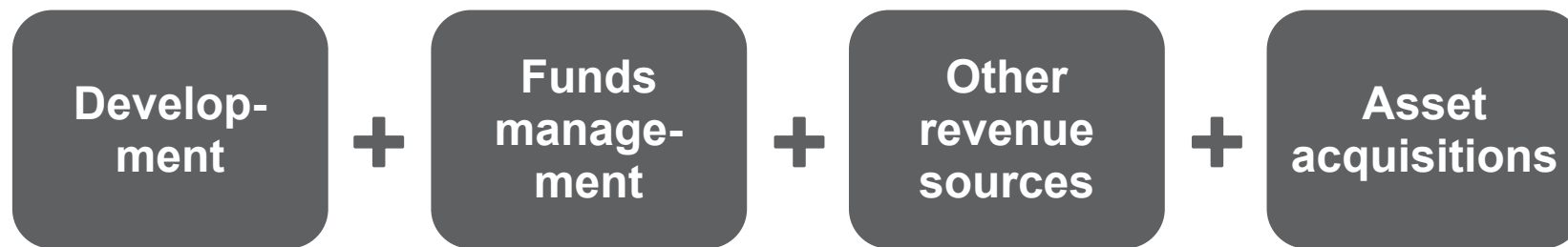
# 2012 strategic priorities

## Optimising the business, building sustainable growth

- 1 Optimise GPT**
  - Streamlining key business processes
  - Minimising cost of funding
- 2 Strategically allocate capital**
  - Actively managing the portfolio
  - Increasing investment in quality Industrial
- 3 Equip employees for high performance**
  - Renewing GPT's culture
  - Developing people with a focus on the future
- 4 Build sustainable growth**
  - Enhancing rental income
  - Building on growth platforms

# Well positioned for growth

## Platforms to accelerate performance



- Appointment of new resources for each growth platform
- Strategic plans in place and feasibility studies underway
- Exciting sources of additional revenue, including pilot program around energy supply and distribution
- Active assessment of acquisition opportunities

# Senior team

Focused on high performance  
and shaping the future

## Leadership Team



**Michael O'Brien**  
CFO



**Mark Fookes**  
Investment  
Management



**Nicholas Harris**  
Funds  
Management



**Anthony McNulty**  
Development



**Matthew Faddy**  
Property & Asset  
Management



**Judy Barraclough**  
Strategy &  
Corporate  
Affairs



**James Coyne**  
Legal



**Rosemary Kirkby**  
Sustainability



**Phil Taylor**  
People &  
Performance

# Outlook for 2012

## External environment: headwinds and tailwinds

### Headwinds

- Global economic slowdown, European debt crisis
- Low consumer confidence
- Subdued retail sales
- Financial services job cuts
- High household savings rate

### Tailwinds

- Relatively strong domestic economy – potential for fast turnaround
- Limited supply pipeline of quality property in retail, office and industrial sectors
- Reducing interest rates
- Entry of international retailers

# Outlook for 2012

## Earnings and value drivers

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<b>Portfolio income</b>	<ul style="list-style-type: none"><li>▪ Core income growth based on structured rental increases and high occupancy</li><li>▪ Impacted by phased lease-up of One One One Eagle St</li></ul>
<b>Growth</b>	<ul style="list-style-type: none"><li>▪ Upside from implementation of growth strategies</li><li>▪ Capacity for accretive asset acquisitions</li></ul>
<b>Operating expenses</b>	<ul style="list-style-type: none"><li>▪ Productivity and efficiency improvements</li><li>▪ Benefits of property management internalisation</li></ul>
<b>Capital management</b>	<ul style="list-style-type: none"><li>▪ Reduced cost of debt</li><li>▪ Accretion from security buy-back</li></ul>
<b>Asset values</b>	<ul style="list-style-type: none"><li>▪ Recent transactions at robust values</li><li>▪ Stable valuation outlook</li></ul>

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(1) EPS defined as Realised Operating Income (ROI) per ordinary security.

## Outlook for 2012

- Targeting EPS<sup>(1)</sup> growth of at least CPI + 1% for 2012
- Payout ratio of no less than 80% of ROI

(1) EPS defined as Realised Operating Income (ROI) per ordinary security. Assumes CPI is 3%.



# 2011 annual result

## Delivering on our promises



Strong operating performance



Active capital management



Well positioned for growth

# Contact Information



**Michael Cameron**  
Chief Executive Officer and  
Managing Director

Tel: +61 2 8239 3565  
Mob: +61 410 437 597  
Email: michael.cameron@gpt.com.au



**Michael O'Brien**  
Chief Financial Officer

Tel: +61 2 8239 3544  
Mob: +61 417 691 028  
Email: michael.o'brien@gpt.com.au



**Judy Barraclough**  
Head of Strategy and  
Corporate Affairs

Tel: +61 2 8239 3752  
Mob: +61 418 962 301  
Email: judy.barraclough@gpt.com.au

**The GPT Group**  
ABN 27 107 426 504  
Level 51  
MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Tel: +61 2 8239 3555  
Fax: +61 2 9225 9318

[www.gpt.com.au](http://www.gpt.com.au)

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All values are expressed in Australian currency unless otherwise indicated.

ROI is reported in the Segment Note disclosures which are included in the audited financial report of GPT Group for the year ended 31 December 2011.

To provide information that reflects the Directors' assessment of the net profit attributable to stapled securityholders calculated in accordance with Australian Accounting Standards, certain significant items that are relevant to an understanding of GPT's result have been identified. The reconciliation ROI to Statutory Profit is useful as ROI is the measure of how GPT's profitability is assessed.

ROI is a financial measure that is based on the profit under Australian Accounting Standards adjusted for certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature. ROI is not prescribed by any Australian Accounting Standards. The adjustments that reconcile the ROI to the Statutory Profit for the year may change from time to time, depending on changes in accounting standards and/or the Directors' assessment of items that are non-recurring or capital in nature.