

GPT Exits European Component of Babcock & Brown Joint Venture

31 July 2009

The GPT Group (“GPT”) today announced another important milestone in its strategy to exit non core investments and focus on the Group’s core high quality domestic property portfolio.

The GPT Group will exit the European component of its joint venture with Babcock & Brown (“European Joint Venture”) by way of a dividend in specie of shares in BGP Holdings¹, through which GPT holds its interest in the European Joint Venture, to GPT Securityholders (“In Specie Dividend”). The European Joint Venture comprises GPT’s ordinary equity and preferred equity interests in BGP Investment Sàrl, a Luxembourg based company that indirectly owns the Joint Venture’s European investments.

Exiting the European Joint Venture in this way will provide significant benefits to GPT, including:

- Significant reduction in exposure to offshore assets
- Confirmation that the European Joint Venture has no recourse to GPT
- Retention of future upside from the European Joint Venture, if any, for current GPT investors.

The decision removes the European Joint Venture, which represents approximately 80% of GPT’s exposure to the Babcock & Brown Joint Venture, from GPT’s balance sheet. There is no further recourse to GPT or to investors in BGP Holdings.

Prior to the In Specie Dividend, GPT reviewed the near term expected recoverable value of the investment and wrote down the value of the Joint Venture from \$1.16 billion at December 2008 to a nominal amount at 30 June 2009. This will result in balance sheet gearing increasing by approximately 2% as at 30 June 2009 and a significant reduction in the Group’s look through gearing.

The exit from the European Joint Venture follows the successful capital raising to reduce GPT’s debt in May 2009 (which reduced the Group’s gearing to amongst the lowest in the A-REIT sector) and ongoing progress in relation to GPT’s program of non-core asset sales.

GPT’s Chief Executive Officer Michael Cameron said: “From day one I made it clear to the market and investors that our priority was to restore shareholder confidence by addressing debt covenants and refinancing risk and exiting the Babcock & Brown Joint Venture, and today is a significant step in achieving that objective.

“The In Specie Dividend immediately removes the majority of the Joint Venture and is a clear demonstration of GPT’s commitment to refocus on its core domestic strategy. GPT has not provided any additional capital to the Joint Venture and will not be required to fund or support the European Joint Venture going forward.”

“The current intention of the Directors of BGP Holdings is to realise the underlying assets of the European Joint Venture over the next few years and return any net proceeds to investors. As a result, current GPT Securityholders will benefit from any future upside, if any.”

“GPT’s strengthened balance sheet, the removal of the majority of the Joint Venture and progress on our non core asset sales program position us well to focus on the future. I look forward to

¹This entity is currently named GPT MaltaCo 1 Limited, but will be renamed BGP Holdings plc on or prior to the Distribution Date (see Timetable below).

providing the market with an update on the Group's strategy and my vision for GPT on 6 August," Mr Cameron said.

GPT's distribution guidance for the financial year ending 31 December 2009 is not impacted by the In Specie Dividend, and remains at 4.5 cents per security.

As a result of the divestment of the majority of the Joint Venture, Neil Tobin will leave the Group at the end of August 2009. The Board and management team thank Neil for his contribution to the Group in various roles over more than a decade, and in particular for his role in managing the Joint Venture through a very challenging period.

The management of the US retail assets remaining in the Joint Venture will be overseen by GPT's retail team through to divestment.

GPT's remaining exposure to the Joint Venture with Babcock & Brown post the In Specie Dividend

GPT will retain 5.3% of the ordinary equity in BGP Holdings to prevent the triggering of real estate transfer tax in some of the underlying portfolios.

GPT will also retain a non-participating and non-voting B class share in BGP Holdings 2², a subsidiary of BGP Holdings.

GPT has valued these stakes at zero and does not expect to receive any dividends or capital returns from them.

GPT Halverton will continue to provide investment management and property asset management services to BGP Investment Sàrl and its subsidiaries. These management services will be provided on an arms length basis, with typical terms and conditions.

Given GPT's stated intention to focus on its core Australian portfolio, GPT will now review options in relation to the GPT Halverton platform. Options include a divestment in the near-to-medium term to a more natural owner whose longer term interests are more closely aligned with those of GPT Halverton's various stakeholders (including GPT Halverton's fund investors, relationship banks and employees). GPT will keep the market informed of progress on this front as part of its regular communications programme.

GPT will still hold an equity interest at nominal value in the United States component of the Joint Venture. GPT is seeking to exit these assets and will not make any capital contributions to these assets or the Joint Venture. The United States component of the Joint Venture is non recourse³ to GPT.

Overview of the In Specie Dividend

GPT will make an In Specie Dividend of ordinary shares in BGP Holdings to GPT Securityholders as at 7.00pm AEST on the Record Date, Wednesday 12 August 2009. BGP Holdings will be a Maltese, unlisted, public limited company which owns GPT's interest in the European Joint Venture that will be converted from an unlisted private limited company on or prior to the Distribution Date. GPT Securityholders will receive a beneficial interest in one BGP Holdings share for every GPT Security held on the Record Date. The beneficial interests will be held through a

² This entity is currently named GPT MaltaCo 2 Limited, but will be renamed BGP Holdings 2 Limited on or prior to the Distribution Date (see Timetable below).

³ As disclosed in GPT's October 2008 PDS / Prospectus, GPT, together with Babcock & Brown, has provided limited guarantees with respect to a US portfolio. In GPT's view it is unlikely the guarantees would be called upon, and in the event that the guarantees are called upon, the amount payable would not be material. As at 30 June 2009 the amount outstanding against the loan was US\$309 million and the book value of the assets was US\$334 million.

bare trustee, Trust Company Ltd. GPT Securityholders will shortly receive an Information Memorandum which provides information with respect to BGP Holdings, including details of the Board of Directors of that entity.

Timetable	
Announcement of In Specie Dividend	Friday, 31 July 2009
Ex-entitlement Date for In Specie Dividend	Thursday, 6 August 2009
Record Date for In Specie Dividend	Wednesday, 12 August 2009 at 7:00pm AEST
Distribution Date for In Specie Dividend	Friday, 21 August 2009

Holders of GPT Securities as at 7.00pm AEST on the Record Date will receive beneficial interests in BGP Holdings shares through the In Specie Dividend.

Securityholder enquiries

Securityholders who have any questions regarding the In Specie Dividend should contact the BGP Holdings Information Line on 1800 115 044 (within Australia) or on +61 2 8280 7058 (from outside Australia) at any time from 8:30am to 5:00pm (AEST). Further information may also be found on the BGP Holdings website at www.bgp-investment.com.

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