

JUNE 2010 HALF YEAR UPDATE



WELCOME

Welcome to the 2010 Half Year Update for GPT Investors.

This newsletter provides an update on recent key activities across The GPT Group, including the 2010 interim result to 30 June, and information about GPT's assets. For full details of the Group's recent announcements and activities, refer to www.gpt.com.au.

Dates to Remember

June Quarter Distribution Paid

24 September 2010

September Quarter Update for Investors

October 2010

September Quarter Distribution Paid

November 2010

2010 Annual Results

February 2011

December Quarter Distribution Paid

March 2011

2010 Interim Result

GPT's financial result for the half year to 30 June 2010 was announced on 24 August. Highlights for the six month period include:

- Realised Operating Income of \$205.8 million, up 12.5% on June 2009;
- Realised Operating Income per ordinary security of 10.4 cents;
- Cash distribution of 7.6 cents per ordinary security;
- Materially strengthened balance sheet and credit metrics;
- Net tangible assets per security (NTA) \$3.45; and
- Statutory A-IFRS net profit of \$145.2 million.

As a result of the above, GPT is on track to deliver Full Year 2010 Realised Operating Income in excess of \$400 million with a distribution of at least 15.9 cents per ordinary security.

Full disclosures including a market presentation, ASX release, property performance schedules and Interim Accounts are available to download at the Group's website (www.gpt.com.au).

Activities and Highlights

The six months to 30 June 2010 has been a busy period for GPT. Below is a snapshot of key activities.

- 5 to 1 security consolidation complete;
- \$800 million new debt lines established at attractive terms;
- Asset sale program largely complete with Australian portfolio now representing over 90% of investments;
- Wholesale funds management platform successfully raised \$578 million;
- 50% acquisition of 161 Castlereagh Street, Sydney development by GPT's Wholesale Office Fund and sale of 179 Elizabeth Street, Sydney;
- Terms agreed for approximately 20% of space at One One One Eagle Street development; and
- Stage one of Charlestown Square development successfully opened.

For more information on the items listed above, visit the news section of GPT's website (www.gpt.com.au) or phone freecall 1800 025 095.



ONE ONE ONE EAGLE STREET, BRISBANE



CEO MESSAGE

I'm pleased to report good performance for GPT in the first six months of 2010. As a result of progress made on a number of key initiatives over the last 12 months to stabilise and optimise the business, GPT has enhanced its position and importantly, its security price. We have increased the Group's guidance for the full year and are now targeting Realised Operating Income of over \$400 million with a distribution of at least 15.9 cents per ordinary security.

My personal aspiration for GPT is to become Australia's best performing property group and I truly believe GPT has now returned to a position of strength and stability. Going forward, we're seriously focused on optimising business performance and continuing to get the best out of our real estate assets, which, will in turn provide increased earnings for Investors.

Over the first half, our core portfolios – retail, office and industrial/business parks delivered strong performance, recording overall comparable income growth of 3.8% with continued high portfolio occupancy with long lease terms. We have made good progress on our developments at Charlestown Square (of which the first stage opened successfully in August), One One One Eagle Street, Brisbane (now 20% leased 15 months out from completion), and new office tower owned 50% by the GPT Wholesale Office Fund at 161 Castlereagh Street, Sydney.

Our Australian funds (the GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund) delivered sector leading performance for their full year to June 2010 and both Funds continue to have low levels of debt and portfolios consisting of only the highest quality assets.

We remain focused on pursuing a number of specific pathways that will ensure we deliver on our guidance for the full year, continue to increase our earnings and support a stronger security price for Investors.

Yours sincerely,
Michael Cameron
CEO and Managing Director

ASK GPT'S CEO

Addressing Investors' questions and concerns is a priority at GPT. If you have a question for the Group's CEO and Managing Director, Michael Cameron, simply email gpt@gpt.com.au or write to The GPT Group, Level 52, MLC Centre, 19 Martin Place, Sydney NSW 2000.



MEET GPT'S NEW CHAIRMAN, ROB FERGUSON

GPT's new Chairman, Rob Ferguson joined the Board in May 2009 and was appointed Chairman in May 2010.

Mr Ferguson brings to the Board a wealth of knowledge and experience in finance, investment management and property as well as corporate governance.

He was Managing Director and Chief Executive of Bankers Trust Australia for 15 years. During his 30 year career with Bankers Trust Mr Ferguson held a number of senior executive positions including Head of Corporate Finance and Investment Management. Mr Ferguson was also an Independent Non-Executive Director of Westfield for 10 years.

Mr Ferguson is currently the Non Executive Chairman of IMF (Australia) Limited; Non Executive Chairman of Primary Health Care and Chairman of MoneySwitch. Prior Board positions include Chairman of Vodafone Australia, Nexgen Limited and Bankers Trust Australia.

Mr Ferguson is a member of GPT's Nomination and Remuneration Committee.

FINANCIAL RESULTS

Six months to June 2010

	6 months 30 Jun 10	6 months 30 Jun 09
Realised Operating Income (ROI) from continuing operations (\$m)	197.2	168.5
Discontinuing operations (\$m)	8.6	14.5
Total Realised Operating Income (\$m)	205.8	183.0
A-IFRS net profit/(loss) (\$m)	145.2	(1,195.5)
ROI per ordinary security (cents) ⁽¹⁾	10.4	15.8
Distribution per ordinary security (cents) ⁽¹⁾	7.6	12.5
	30 Jun 10	31 Dec 09
Total assets (\$m)	9,477	9,163
Total borrowings (\$m)	2,435	2,184
Net tangible assets per security (\$) ⁽¹⁾	3.45	3.46
Gearing (%) ⁽²⁾	25.5	23.6
Interest cover (x)	4.1	2.9

(1) Post 5 to 1 security consolidation. ROI and distribution per ordinary security reflects impact of May 2009 capital raising.

(2) Based on net debt.

For the six month period to June 2010, GPT delivered Realised Operating Income of \$205.8 million (up 12.5%), and a cash distribution of 7.6 cents per security for the half (post 5 to 1 consolidation of stapled securities, assuming effective 1 Jan 2009). The 12.5% increase in Realised Operating Income over the previous corresponding period demonstrates growth from all core businesses and the benefit of divesting non-core assets to focus on the stable, high quality Australian business which will deliver stable earnings and consistent growth.

The difference between the Group's underlying Realised Operating Income of \$205.8 million and the \$145.2 million statutory (A-IFRS) profit reflects the impact of non-cash items, largely movements in the valuation of financial instruments.

GPT's total assets, \$9.5 billion at 30 June 2010, reflect a slight increase on December 2009, driven by additional capital expenditure and a slight increase in asset values. Net tangible assets (NTA) per stapled security of \$3.45 includes the impact of GPT's 5 to 1 consolidation completed in May 2010.

CAPITAL MANAGEMENT

Six months to June 2010

GPT's capital management position at 30 June 2010 is sound. With low debt levels below the Group's policy range, GPT is pleased to report its credit rating has been improved from BBB+ to A- by rating agency Standard & Poor's. Other highlights include:

- 25.5% headline gearing (net debt basis) versus covenant of 40%;
- 32.7% look through gearing (net debt basis) versus covenant of 55%;
- Estimated average cost of debt for 2010 reduced by 0.7%;
- New debt secured, extending average term of facilities to 3.3 years (from October 2010);
- Sustainable distribution policy in place;
- On track to deliver 10% savings in corporate expenses in 2010;
- Solid liquidity position; and
- Revised capital management policies linked to future business needs.

\$800 million new and extended debt facilities secured at attractive terms

In August, GPT announced commitments for three new bank bilateral facilities, totalling up to \$800 million.

In what is believed to be a first for the real estate sector in Australia, GPT obtained a term of seven years on one of the bank facilities (of \$300 million) with terms of five years for the other two facilities. All facilities were in place in October 2010 when the first tranche of GPT's bank syndicated facility matured. This tranche will not be refinanced.

The facilities were put in place at very competitive margins supporting the Group's efforts to minimise its financing costs. The facilities also represent progress on a number of initiatives designed to deliver the Group's strategic priorities for debt, including lengthening tenor and flattening GPT's debt maturity profile.

OPERATIONAL UPDATE

RETAIL

GPT's retail investments (\$5.2 billion) include a portfolio of assets held on the Group's balance sheet and an investment in the GPT Wholesale Shopping Centre Fund (GWSCF), giving GPT access to a broad range of retail assets.

The Retail Portfolio has continued its strong performance over the period, with comparable income growth of 4.0% and solid sales performance.

KEY OPERATING METRICS	JUNE 2010	JUNE 2009
Total Sales Per Square Metre	\$6,733 (up 1.4%)	\$6,742 (up 3.1%)
Specialty Sales Per Square Metre	\$9,015 (up 0.2%)	\$8,978 (up 3.6%)
Specialty Occupancy Costs	17.4%	16.6%
Portfolio Occupancy	99.5%	99.5%

OFFICE

GPT's office investments of \$2.7 billion include a portfolio of assets held on the Group's balance sheet and an investment in the GPT Wholesale Office Fund (GWOF), giving GPT access to the highest quality office portfolio in Australia.

At 30 June 2010 the Office Portfolio performed well with comparable income growth of 3.9% and continued high lease expiries of 5.3 years on average (by area) and a high level of occupancy of 95.7% committed space.

KEY OPERATING METRICS	JUNE 2010	JUNE 2009
Portfolio Occupancy (committed space)	95.7%	98.7%
Weighted average lease expiry (years)	5.3 years	5.5 years
Leases Signed (including terms agreed, 6 months to June)	56,780 sqm	96,000 sqm

INDUSTRIAL/BUSINESS PARKS

GPT's Industrial/Business Park Portfolio, consisting of quality traditional industrial and business park assets located in Australia's major industrial and business park markets, had a value of \$795 million at 30 June 2010.

The Portfolio delivered steady performance over the half, with comparable income growth of 2.2%. With high occupancy of 97% by income, and long average lease term of 6.9 years by income, the Portfolio remains in good shape.

KEY OPERATING METRICS	JUNE 2010	JUNE 2009
Portfolio Occupancy (committed space)	97.0%	99.0%
Weighted average lease expiry (income)	6.9 years	7.5 years

CASUARINA SQUARE, NT



FUNDS MANAGEMENT

GPT's funds management platform is an important part of the Group's strategy and delivered a strong result for the first half, with both Funds achieving sector leading performance for their full year to June 2010.

In line with the Group's objective to work investors' capital harder, GPT's investment in the Group's wholesale funds management business will move towards 20% over time to enhance the return on equity invested in this platform.

GWOF

The GPT Wholesale Office Fund (GWOF) provides investors with exposure to quality office assets, located in Australia's major office markets. At 30 June, the Fund consisted of 15 office assets valued at \$3.1 billion.

KEY OPERATING METRICS	JUNE 2010
GPT's Ownership Interest	\$895.6m (33.8%)
Portfolio Occupancy	91.7%
Total Return (one year, post fees)	3.7%

530 COLLINS STREET, MELBOURNE



GWSCF

The GPT Wholesale Shopping Centre Fund (GWSCF) provides investors with exposure to quality retail assets, located in Australia's major retail markets. At 30 June 2010, the Fund consisted of nine retail assets valued at \$2 billion.

KEY OPERATING METRICS	JUNE 2010
GPT's Ownership Interest	\$595.7m (33.4%)
Portfolio Occupancy	Over 99%
Total Return (one year, post fees)	6.5%



WOLLONGONG CENTRAL, NSW



HIGHPOINT SHOPPING CENTRE, VIC



DEVELOPMENT

RETAIL

Charlestown Square commenced in 2008 – the \$470 million project will add approximately 41,000 sqm to the existing Centre. Stage one of the project was successfully delivered in August 2010 with the remainder to open fully leased by the end of the year.

A pipeline of planned developments exist across the remainder of the Portfolio, including a \$30 million refurbishment scheduled to commence at Melbourne Central in late 2010.

NEWCASTLE CBD EXIT

In August 2010, GPT announced its withdrawal from the proposed \$600 million Newcastle development. GPT has instead decided to place its capital towards better alternative development opportunities within the Group's Portfolio. Visit www.gpt.com.au for GPT's full announcement.



CHARLESTOWN SQUARE, NSW

OFFICE

GPT's Office Portfolio consists of two developments currently underway at One One One Eagle Street, Brisbane and 161 Castlereagh Street, Sydney.

One One One Eagle Street commenced in May 2008 to build a Premium-Grade 64,000 sqm office tower over 54 levels.

The asset is designed to take advantage of the outstanding location and Brisbane River views and has achieved a 6 Star Green Star Design rating. GPT has sold two-thirds of the development and will complete the development in partnership with GWOFF and an offshore investor. As at June, terms were agreed for 20% of the building, with strong enquiry for the remainder of the space.

161 Castlereagh Street in Sydney is a new Premium-Grade office tower featuring 54,000 sqm of accommodation over 43 floors. Combined with unrivalled views and a landmark design, the asset will provide new and dynamic public spaces complete with 2,800 sqm of premium ground level retail, extensive transport, parking and wide range of amenities in a prominent Sydney CBD location.



161 CASTLEREAGH STREET, SYDNEY
ARTIST'S IMPRESSION

INDUSTRIAL/BUSINESS PARKS

GPT's development at 7 Parkview Drive will provide a total of 60,500 sqm of campus style office space on completion. Stage 1 of 3 stages is set to commence in the second half of 2010, delivering 12,200 sqm of A-Grade office space.

A number of the Portfolio's assets include expansion land and the Portfolio controls a large amount of land for future developments, subject to tenant pre-commitment, capital availability and appropriate investment returns.



7 PARKVIEW DRIVE,
SYDNEY OLYMPIC PARK, NSW
ARTIST'S IMPRESSION

SUSTAINABILITY MATTERS

Tenants are increasingly expecting buildings to be environmentally friendly. In 2009, 91% of current tenants within GPT's portfolio ranked sustainability as being important to their business and work environment. GPT responds to this by continuously seeking ways to minimise the environmental impacts of property developments and to optimise the operational efficiency of all assets.

Through intensive asset management, redevelopment and acquiring high quality assets, GPT attracts and retains high quality tenants with lease terms signed for up to 20 years.

Investing in sustainable developments not only benefits our tenants but benefits GPT financially too. Creating more energy and water efficient buildings means we are spending less on natural resources, future proofing our assets against the inevitable rising costs of energy and water while doing the right thing.

WINNER - DJSI REAL ESTATE SECTOR LEADER AGAIN IN 2010

GPT has been named the Dow Jones Sustainability World Index Leader in the real estate sector for the second year in a row as part of the 2010 Dow Jones Sustainability Indexes (DJSI) Review.

The DJSI is the world's top independent indicator of the performance of leading sustainability driven companies. The top rating reflects GPT's developments, management and improvement of existing assets, the Group's governance, risk management, compliance, financial reporting and the way we support our employees. Visit our website for more.

CASE STUDY

530 COLLINS STREET MELBOURNE

Originally built in 1991, the refurbishment of 530 Collins Street not only retained the asset's quality as a Premium-Grade building but is also an example of GPT's commitment to enhance the environmental performance of an existing building. The upgrade of 530 Collins Street was designed to provide greater style, amenity and comfort for occupants and visitors while significantly reducing the environmental impact of the building's operations. Importantly, the refurbishment was part of standard capital expenditure as planned for the asset, so there was limited additional cost.

GPT is proud that 530 Collins Street is now rated as one of Melbourne's greenest and most desirable buildings. The extensive re-fitting of the building by GPT resulted in achieving a 5 Star NABERS Energy Rating, the highest possible rating, signifying a very low level of greenhouse gas emissions. There are currently only four buildings in Melbourne that have achieved a 5 Star NABERS Energy base build rating, including 800 Bourke Street and 818 Bourke Street buildings – all owned by the GPT Wholesale Office Fund.

ONSITE CO-GENERATION PLANT

A unique part of the increased environmental rating came from the recent installation of an onsite co-generation plant, a high efficiency, low-carbon power station, located on the building's roof. The plant uses natural gas to generate electricity, while also generating heat for hot water, resulting in very significant greenhouse savings.

The improvement of 530 Collins Street has provided economic, environmental and community returns which will benefit GPT and the building's occupants for many years to come.

FAST FACTS

- Refurbished to achieve 5 Star NABERS energy efficiency rating
- Energy savings of approximately \$360,000 per annum
- 70% of waste now recycled
- A carbon reduction of 4,700 tonnes per annum
- Achieving these savings without compromising on service or productivity of space.





GPT LAUNCHES FOOD RECOVERY PROGRAM IN SYDNEY'S WEST

As one of Australia's largest property groups, GPT aims to support our communities in real and tangible ways. GPT is pleased to be partnered with Parramatta Mission in providing a food delivery program servicing Sydney's West.



Launched at GPT's Rouse Hill Town Centre on 4 September 2010, The GPT Food Recovery Program involves participation from food retailers at Rouse Hill Town Centre who are donating nutritionally strong food that would otherwise be wasted at the end of trade.

Collected from Monday to Friday via the GPT Food Recovery Van, the food will be distributed to a number of shelters, charity kitchens and those in need across Western Sydney. Visit www.gpt.com.au to find out more.



CONTACT US

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