2009 Half Year Results

27 August 2009

- On track to deliver 2009 guidance -
- Delivering on strategy to reinvigorate GPT -

KEY POINTS

- Operating income for the six months to 30 June 2009 of $183 million and cash distribution of 2.5 cents per security
- On track to deliver guidance of $365 million realised operating income for 2009[1]
- Materially strengthened balance sheet through $1.7 billion capital raising in May 2009 with 22.2% headline gearing and look-through gearing of 30.5%[2]
- $4.4 billion headroom in relation to headline gearing covenant
- Strong liquidity position with near term refinancing risk removed
- Net tangible assets per security (NTA) $0.71 cents (includes impact of $1.7 billion capital raising)
- Significant progress on asset divestments ($740 million announced asset sales)
- Majority of Joint Venture with Babcock & Brown (European assets) divested via In Specie Dividend
- Refined strategy focused on high quality Australian real estate (now represents 90% of investments)
- A-IFRS loss for the six months to 30 June 2009 of $1,195.5 million, primarily as a result of non-cash adjustments:
  - $567.2 million net reduction in Australian core asset valuations
  - $216.5 million net reduction in the value of non core investments
  - $1,085.7 million write off in the value of the Joint Venture with Babcock & Brown
  - Partially offset by gain on financial instruments of $606.6 million
- Improvement in credit ratings (Standard & Poor's BBB to BBB+; Moody's Baa3 to Baa2)

[1] Based on guidance announced with May 2009 capital raising (adjusted for fully underwritten retail offer), assuming no material change in market conditions or any unforeseen events.
[2] Adjusted for the European Joint Venture which was distributed to Securityholders post 30 June 2009.

FINANCIAL HIGHLIGHTS

	1H09 ($m)	2H08 ($m)	1H08 $m)
Core	272.9	299.7(1)	269.2
Non-core	25.0	75.3	79.5
Financing and corporate overheads(2)	(114.9)	(140.2)	(114.7)
Realised Operating Income	**183.0**	**234.8**	**234.0**
Changes in Fair Value of Assets (non cash)			
1. Valuation increases (decreases)			
Core domestic Portfolio and Funds Management (Australia)	(567.2)	(481.2)	80.6
Hotel/Tourism Portfolio	(97.4)	(130.2)	(88.9)
European goodwill and warehoused assets	(81.5)	(101.6)	(191.8)
US Seniors Housing	(37.6)	(138.9)	(23.7)
Joint Venture Fund	(1,085.7)	(1,057.3)	(131.2)
2. Loss on sales	(77.1)	(5.3)	-
3. Financial instruments marked to 30 June market value	606.6	(1,512.9)	61.9
Other Items	(38.6)	6.8	(8.6)
Net Profit/Loss after Tax	**(1,195.5)**	**(3,185.8)**	**(67.7)**

[1] Includes $31.4 million development profit on One One One Eagle Street, Brisbane.
[2] 2008 includes property derivative.

HALF YEAR RESULT

Overview

The GPT Group (GPT) today announced realised operating income of $183 million for the six months to June 2009, and a cash distribution of 2.5 cents per security for the half. The result, which is in line with the full-year operating income and distribution guidance announced in May 2009, reflects ongoing strong performance from the Group's Australian real estate assets. The reduction in realised operating income against the previous corresponding period was primarily a result of not recognising any income from the Joint Venture (JV) in the half ($60 million in 2008).

Michael Cameron, GPT's Chief Executive Officer, said: "We have made significant progress in dealing with key challenges facing the Group while maintaining a strong focus on driving performance from the core business. We are now making rapid progress in repositioning the business for the future."

"The resilience of GPT's large, high quality, diversified domestic portfolio is apparent in the result, with solid income growth despite challenging operating conditions. Following the divestment of a large number of the non-core investments, the core domestic portfolio now forms 90% of GPT's business. The core business recorded 4.4% like-for-like income growth versus the previous corresponding period (4.9% for Retail, 3.0% for Office and 7.0% for Industrial/Business Parks)," Mr Cameron said.

The difference between the Group's underlying realised operating income of $183 million and the $1,195.5 million statutory (A-IFRS) loss reflects the impact of non cash items, including market valuation movements required to be represented in the Profit & Loss Statement under Australian accounting standards. These items do not affect the operating performance of the business and are non cash.

Further detail on statutory A-IFRS adjustments is provided in Note 2 of the Financial Statements.

FINANCIAL POSITION

Gearing / Liquidity

In May 2009 GPT raised $1.7 billion through an entitlement offer. The proceeds were used to reduce GPT's debt and significantly strengthen the balance sheet, resulting in debt of $2,039 million[3] at 30 June 2009 and gearing of 22.2%, well below the Group's covenant level of 40%. Look-through gearing is 30.5%[(2)] against a covenant of 55%.

The current level of gearing on a headline basis provides $4.4 billion in headroom against gearing-related loan covenants, representing 45% of total assets. The sale of the remaining $1 billion in non-core assets will further enhance this position.

Following the capital raising in May, GPT has repaid a number of existing finance facilities. GPT has the capacity to meet forecast funding requirements (of $0.9 billion to December 2010) and cover all maturing loan facilities to the end of 2010 utilising committed funding sources available to the Group. Refinancing of existing facilities, the reopening of the bond market and the sale of the remaining non-core assets will further improve the Group's liquidity position.

[3] Excludes debt associated with announced asset sales.

Valuations / NTA

GPT's total assets reduced to $9.7 billion at 30 June 2009 as a result of non cash asset value movements, the sale of assets and the repayment of debt. Net tangible assets (NTA) per stapled security of $0.71, takes into account the impact of GPT's $1.7 billion capital raising in the period.

BOARD AND MANAGEMENT

Significant changes were made to the Group's board and management. Peter Joseph (Chairman) and Malcolm Latham retired as Non-Executive Directors at the AGM in May 2009. Ken Moss was appointed Chairman.

Three new Directors were appointed, including Non-Executive Directors Lim Swe Guan and Rob Ferguson (Deputy Chairman) along with Michael Cameron, who was appointed CEO and Managing Director. Michael Cameron commenced on 1 May 2009. Reflecting the needs of a simplified business Kieran Pryke (CFO) and Neil Tobin (Joint Venture) will leave the Group on 1 September 2009. Michael O'Brien currently Chief Operating Officer, will replace Kieran Pryke as Chief Financial Officer.

STRATEGY

On 6 August 2006, 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, capitalising on the Group's competitive advantages of scale, quality, diversity and culture, and improving the security price over the next five years.

GPT's strategy will see the Group complete the divestment of its offshore and non-core investments. A key theme will be to become better rather than simply bigger.

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. The strategy reasserts the principles of innovation, excellence and governance established by the late Dick Dusseldorp, the founder of GPT 38 years ago.

"We are already making good progress in delivering on our strategy. With clearly established objectives and a greater level of transparency now in place, as illustrated in the increase in disclosures for the half, Securityholders can expect safe and regular returns.

"GPT's competitive strengths are the quality of its assets, the diversification of its portfolio, the scale of its business and the skills of its people. GPT's refined strategy will leverage these strengths to deliver performance for investors," Mr Cameron said.

Core Business

The Retail, Office and Industrial/Business Park Portfolios performed strongly at an operational level with like-on-like income growth of 4.9%, 3.0% and 7.0% respectively. The quality of the assets and the very high levels of occupancy across the Portfolios provide a strong base for future performance.

The Group's $5.0 billion, high quality, 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 approximately 10% of the Group's real estate investments and contributed 16% of realised operating income in the period.

Asset sales of $740 million have been announced, and GPT completed its exit from the European component of the Joint Venture with Babcock & Brown by way of an In Specie Dividend in BGP Holdings in August 2009.

Consistent with GPT's exit from its European investments, GPT Halverton is being downscaled. Restructuring of this business is continuing and a trade sale process is expected to formally commence in September 2009.

"While we are committed to the sale of the remaining $1 billion of non-core investments, we are not under time pressures and will not be perceived as forced sellers by potential purchasers," Mr Cameron said.

OUTLOOK

"The impact of the credit crisis on the real estate environment, and markets globally, has continued to create challenges in operating conditions, however the outlook for real estate in Australia is improving and whilst we expect that it is likely that there will be further valuation pressure on assets over the second half, we believe that the pace of the devaluation cycle is slowing and values will stabilise in the near term," Mr Cameron said.

"We have taken a number of significant decisions aimed at restoring investor confidence and creating a more transparent and stable GPT. These decisions include raising capital to strengthen the balance sheet and exiting our non-core assets and the European Joint Venture with Babcock & Brown. Together with the board and management changes, a refinement of the businesses' structure and strategy has also been completed. The benefits of these changes are starting to be reflected in GPT's security price and will continue to be demonstrated as we move forward with a simpler and more transparent business," Mr Cameron said.

"Entering the second half of 2009, we have a well positioned balance sheet, with 22.2% gearing, providing us with significant headroom in relation to our gearing covenants. We have the ability to further improve our liquidity, providing us with the flexibility to pursue compelling investment opportunities as they arise.

"As demonstrated by today's result, the high quality of GPT's domestic business provides a stable base and a solid foundation for the future. GPT continues to target realised operating income of $365 million for 2009, assuming no material change in market conditions or further unforeseen events," Mr Cameron said.

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GPT's Half Year Results Presentation will be web cast via the Group's website (www.gpt.com.au) on Thursday 27 August 2009 at 11.00am (Sydney time).

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