

26 August 2011

## 2011 Interim Result

*GPT continues to deliver on its promises  
with 8% earnings growth for the first half of 2011*

### KEY HIGHLIGHTS

#### FINANCIAL

- Realised Operating Income (ROI)<sup>1</sup> for the six months ended 30 June 2011 of \$221.5 million, up 8% on 30 June 2010
- Realised Operating Income per ordinary security of 11.3 cents, up 8% on 30 June 2010
- Statutory A-IFRS net profit of \$243.1 million, up 67% on 30 June 2010
- Cash distribution of 8.5 cents per ordinary security up 12% on 30 June 2010
- Increase in net tangible assets per security (NTA) to \$3.64
- Gearing reduced to a low 21.0%
- Forecast cost of debt reduced by 20bps<sup>2</sup>
- New loans totalling \$525m fully refinance remaining October 2012 maturity and extend average term to 5.1 years

#### OPERATIONAL

- Average comparable income growth of 3.6% from GPT's high quality portfolio
- Higher occupancy and long lease expiry profile
- Commenced \$300 million major expansion of Highpoint shopping centre
- Delivered a new activity-based work environment in GPT's head office to enhance productivity

#### STRATEGIC

- Completed sale of Ayers Rock Resort and US Seniors Housing portfolio
- Completed \$212 million sell-down of investment in wholesale funds (\$428 million in total)
- Commenced on-market buy-back to enhance returns to securityholders

#### GUIDANCE

- 2011 EPS growth of approximately 7%<sup>3</sup>
- Payout ratio of no less than 80% of ROI

<sup>1</sup> Before payment of distribution on exchangeable securities on issue.

<sup>2</sup> Forecast average cost of debt for 2011 compared with previous forecast provided in Feb 2011

<sup>3</sup> EPS defined as Realised Operating Income per ordinary security.

## FINANCIAL HIGHLIGHTS

	1H 2011	1H 2010
Total Realised Operating Income (\$m)	221.5	205.8
A-IFRS net profit/(loss) (\$m)	243.1	145.2
ROI per ordinary security (cents)	11.3	10.4
Distribution per ordinary security (cents)	8.5	7.6
	30 June 2011	31 Dec 2010
Total assets (\$m)	9,347	9,752
Total borrowings (\$m)	1,991	2,453
Net tangible assets per security (\$)	3.64	3.60
Gearing (%)	21.0	24.9
Look through gearing (%)	22.6	29.9

## OVERVIEW

The GPT Group (GPT) today announced Realised Operating Income of \$221.5 million for the six months ended 30 June 2011, 8% higher than the previous corresponding period, and a cash distribution of 8.5 cents per security for the interim period.

Statutory A-IFRS profit for the six months ended 30 June 2011 was \$243.1 million, up 67% on the previous corresponding period. The difference between the Group's underlying Realised Operating Income and the statutory profit reflects the impact of non-cash items, largely net increases in the valuation of assets and movements in derivatives.

GPT's assets totalled \$9.3 billion at 30 June 2011, lower than at 31 December 2010 due to the sale of non-core assets during the period. NTA increased by 4 cents to \$3.64 per security.

Michael Cameron, GPT's Chief Executive Officer and Managing Director, said: "GPT's performance in the first half of 2011 reflects the strength of the business, which has been reinvigorated over the past two years. We continue to deliver on our promises, with 8 per cent earnings growth and lower debt costs, completing a further sell down in our wholesale funds and finalising the last non-core asset sales."

"We are undertaking a range of opportunities to add value to our business, including \$1.8 billion in development projects currently underway or planned and a further \$1.5 billion in the future pipeline. During the period, we also delivered a new activity-based working environment in our head office in the MLC Centre, which has set a benchmark for innovative transformation of office space in a mature asset. The new work environment for GPT's employees will enhance productivity and collaboration, consistent with our objective of equipping employees for high performance.

"We are excited about the future performance of the business as we now have strong building blocks in place for growth in 2011 and beyond," Mr Cameron said.

## FINANCIAL POSITION

Michael O'Brien, GPT's Chief Financial Officer, said: "We continue to actively manage our capital position with the completion of non-core asset sales during the period enabling us to cancel our highest margin loans and terminate some higher rate hedges, further reducing our forecast average cost of debt to approximately 6.7 per cent for 2011."

"In addition, we secured \$525 million of new, competitively priced loans, which fully refinance GPT's next maturity in October 2012. The Group now has no liquidity requirements until 2013. The new loans extend the weighted average facility term to 5.1 years. Interest cover remains strong at 4.0 times."

"We also activated our on-market buy-back utilising the proceeds of non-core asset sales, which were achieved at a premium to book values. To date we have bought back \$48m securities at an average 18% discount to NTA<sup>4</sup>. We will continue to purchase stock opportunistically where the purchase price is accretive to operating earnings and NTA, up to 5 per cent of market capitalisation<sup>5</sup>," Mr O'Brien said.

## OPERATIONAL PERFORMANCE

GPT's core diversified property portfolio delivered solid operational performance in the six months to 30 June 2011, with 3.6 per cent comparable income growth across the portfolio. Already high occupancy levels increased further, and long lease expiry profiles were maintained. The weighted average capitalisation rate of the portfolio remained relatively unchanged, while valuations were boosted by \$85 million as at 30 June 2011.

Despite uncertainty in the global economy and a subdued domestic retail market, GPT's retail portfolio delivered strong performance in the first half, with comparable income growth of 4.1% and 99.9% occupancy.

Performance in the Office and Industrial portfolios was also positive in the first half. In the Office portfolio, comparable income growth was 3.4 per cent and occupancy was 97.5 per cent, well ahead of the market average. The Industrial portfolio delivered 2.8 per cent comparable income growth and increased occupancy levels to 98.8 per cent.

GPT successfully completed a further \$212 million sell-down of the Group's investment in its wholesale funds over the last six months, enhancing the income return to GPT by a further 30 basis points. Since the commencement of GPT's strategy to reduce its stake in the wholesale funds in October 2010, GPT has sold down a total of \$428 million and enhanced the income return by 60 basis points.

In March 2011, GPT commenced the \$300 million major expansion of Highpoint shopping centre, an exciting development that will bring to western Melbourne 100 new specialty stores, David Jones, a

<sup>4</sup> As at 23 August 2011

<sup>5</sup> Buy back period: 12 months from 11 May 2011

new Woolworths, improved access and 1,000 additional car spaces. The project is on track for completion in early 2013. In addition to the \$150 million invested by the wholesale fund (of which GPT owns 20%), GPT will directly invest \$50 million in the project, delivering a total development yield<sup>6</sup> to GPT of approximately 10%.

Construction of One One One Eagle Street in the Brisbane CBD is progressing well and remains on track for completion in March 2012. Approximately 49 per cent of the floor space is now committed<sup>7</sup>, which is well ahead of the forecast of 40 per cent by practical completion. As previously announced, Norton Rose, Gadens Lawyers and Ernst & Young have committed to approximately 19,700 square metres, with other commitments totalling approximately another 11,400 square metres.

GPT continues to be a global leader in sustainability and was recently awarded the 2011 Business Sustainability award at the New South Wales Department of Environment and Heritage's Green Globes Awards. During the interim period, GPT also scored 99 out of 100 in the 2011 FTSE4Good Index.

Michael Cameron said: "Sustainability is embedded in our business, delivering value to investors, customers and employees, and providing a competitive advantage to the Group."

## OUTLOOK

Michael Cameron said: "We believe our portfolio of high quality, diversified Australian properties and the strength and stability of our underlying businesses, positions GPT well to respond to uncertain economic conditions. We have the platforms in place to deliver continued growth and we are on track to be Australia's best performing property group.

"The outlook for retail sales will largely be driven by how the macroeconomic environment, both in Australia and overseas, unfolds. With virtually no vacancies and low arrears in our retail portfolio, GPT is well positioned to withstand subdued conditions. We forecast retail sales growth of between 2 to 3 per cent for the full year."

"The outlook for the office sector looks positive, with prime rents forecast to increase and vacancies to fall. We anticipate that recent transaction activity in the office sector will translate into stronger valuations over the next year. Furthermore, low supply levels in the industrial sector are expected to support rental growth across our industrial portfolio, of approximately 2 to 3 per cent in 2011," Mr Cameron said.

In line with the recently announced increase to earnings guidance, GPT expects operating earnings per security growth of approximately 7% for the 2011 full year. In addition, GPT will maintain a distribution payout ratio of no less than 80% of ROI.

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<sup>6</sup> Including funds and property management fees

<sup>7</sup> Committed via Heads of Agreement or Agreement for Lease.

## ADDITIONAL INFORMATION

6 months to 30 June	1H 2011 (\$m)	1H 2010 (\$m)
Core Business realised operating income	287.1	264.8
Non-core Operations realised operating income	20.7	20.0
Financing and corporate overheads	(86.3)	(79.0)
<b>Realised Operating Income</b>	<b>221.5</b>	<b>205.8</b>
Changes in Fair Value of Assets (non-cash)	54.1	54.7
Profit / (Loss) on Disposals	1.5	(5.3)
Financial instruments marked to market value and foreign exchange gains	(32.6)	(84.1)
Other Items	(1.4)	(25.9)
<b>Net profit/loss after tax</b>	<b>243.1</b>	<b>145.2</b>

– Ends –

*GPT's Interim Result Presentation will be webcast via the Group's website  
([www.gpt.com.au](http://www.gpt.com.au)) on Friday 26 August 2011 at 11.00am (Sydney time).*

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