

THE GPT GROUP ANNOUNCES

11 May 2011

GPT Meeting of Securityholders

11 May 2011 at 2.00pm

CEO's Address

Good afternoon and thank you for joining us today.

I have now been in the CEO role for two years, almost exactly to the day. During that time there has been significant change at GPT as the business has been transformed.

When I took on the role there was a lot of unhappiness and dissatisfaction over GPT's performance. While it has not been possible to return the security price to where it was, I feel we have made good progress on our journey to reinvigorate the organisation, and start to rebuild trust and confidence.

Last year I said GPT would return to strength, stability and earnings growth.

The team has worked hard to clean up GPT and deliver a long list of 2010 objectives. As a result I'm pleased to report that GPT is stronger, we have stabilised the business, and we have delivered earnings growth. We did what we said we would do.

We can now build on that progress, optimise the business and work towards my aspiration - for GPT to be the best performing property group in Australia.

We delivered a strong 2010 scorecard including:

- A 9% improvement in ROI
- Debt costs down by 80bps
- Our credit ratings with S&P and Moody's both improved
- Our NTA increased to \$3.60
- We continued to be the global leader in sustainability in our sector, and I invite you to look at our new integrated website.



Against our financial goals:

- Total return was 9.1%
- We were #3 in TSR
- Our EPS was up 6% in the second half.

Our security price is still less than the NTA of the Group.

We have been obsessed with initiatives aimed at closing that gap. Progress has been made, but there is still work to be done.

We delivered solid operational performance in 2010, and we completed the \$470m Charlestown Square shopping centre redevelopment.

We sold the Ayers Rock Resorts and the US Seniors business, both without diluting our earnings.

Another important step was to introduce a new capital allocation framework that takes a whole of portfolio approach. This will ensure every decision we make will maximise the returns for you, our investors.

An example of this approach is our announcement this morning that, subject to being earnings and NTA accretive, we intend to buy back up to 5% of GPT's ordinary securities over the next 12 months.

For the full year Realised Operating Income was up 9% to \$410m.

This included solid contributions from all operating divisions as well as lower interest costs and lower overheads.

Our focus is simply to make our income grow much faster than our expenses. If we can do that every year our profits will continue to grow.

The Statutory profit was strong at \$707.3m and compares to a large loss of just over a billion in 2009. These movements are driven largely by valuation increases and decreases between the years.



The measure of ROI per share was down on 2009 as a result of the greater number of securities on issue following the May 2009 capital raising. However, importantly, earnings per share was up 6% for the December half against December 2009.

A distribution of 16.3c was delivered, representing a sustainable pay out ratio of 80%. Since December 2010, the business has continued to deliver growth with a distribution of 4.2c for the first quarter of this year.

Turning to the balance sheet. At year end, GPT's NTA per security was up 4% as a result of positive asset revaluations.

An important achievement for 2010 was the improvement of the Group's debt profile, including a significant reduction in the cost of debt from a forecast of 8.2% down to an average of 7.4% for the year.

The gearing ratio at the end of the year was 24.9% and this has reduced further following the sale of the US Seniors business which resulted in gearing reducing to 23.3%. This is a position I am very happy with given the current high cost of debt. Interest cover remains very strong and well up on the previous years.

In summary, the balance sheet is in great shape, with significant capacity and flexibility.

Our core business is also in good shape.

In 2010 our income growth averaged 3.2%, and we continue to have very high levels of occupancy and long lease expiries.

The cap rates have started to tighten. That drives valuation increases, and indicates we have seen the bottom of the cycle.

Our Retail portfolio that now makes up 60% of the business had income growth of 4.7%, and virtually full occupancy at 99.9%, notwithstanding relatively flat sales in specialty stores.



Our Office portfolio is the highest quality in Australia, has occupancy at 97.8% and lease expiries of 5.2 years, much longer than the industry average.

The Industrial portfolio also has high occupancy at 98.4% and long lease expiries. The first quarter of this year has seen strong performance and a further improvement in these metrics. It's pleasing to see sales growth in the specialty stores has been stronger in the first quarter.

As we continue our journey towards best performance our focus will be in four areas:

- Continuing to close the gap between our security price and our NTA
- Optimising our capital allocation using a new framework and thinking of the business as a total portfolio
- Enhancing our growth potential by optimising existing assets, accretive developments and acquisitions, and capturing new revenue opportunities
- Further equipping our people for high performance.

Many investors ask me, now that GPT has been stabilised, where to from here.

I can say with certainty we will be sticking to our strategy, we won't be venturing outside Australia, and we will concentrate on Retail, Office and Industrial. It's a simple and straight forward strategy that we will deliver with excellence.

Growth will come from structured rent increases, increases in funds management, accretive developments and acquisitions, and additional revenue sources.

We are targeting:

- Total returns > 9% per annum
- Average EPS growth > CPI +1% per annum
- Leading relative Total Shareholder Return (TSR).

I stress that these are minimums. I'm sure you agree that if we deliver this year after year, with consistency, then it is a very compelling investment proposition.



Our outlook for 2011 for Retail is for improved sales and continued strong performance.

For Office, reducing vacancies, and increased rental growth.

And for Industrial, increasing demand with limited supply.

That means rent increases and valuation increases.

For the first quarter of 2011 we paid a distribution of 4.2c, that is 20% up on the first quarter of last year.

For the full year, we are confident of beating last years EPS result by at least CPI + 1%, assuming CPI is around 3%, and we are committing to a pay out ratio of no less than 80%.

In conclusion, we have been on a journey to reinvigorate GPT. GPT is now stronger, we have stabilised the business and we have delivered earnings growth.

We did what we said we would do. GPT can now build on this progress to become Australia's best performing property group.

It's been a tough ride for long term securityholders. I appreciate your support as we continue to turnaround the business and I look forward to giving you news of our progress in the year ahead.

Thank you.

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