

**GPT Strategy – The Future is Australia**

**Media Release and Briefing Paper  
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Michael Cameron, the new Chief Executive Officer of Australian property group GPT, today unveiled a strategy to increase returns to shareholders and improve the security price over the next five years.

“The last couple of years have been disappointing for investors across the real estate sector. GPT is now returning to what it does best,” Mr Cameron said.

“The ultimate test will be total returns to investors and a share price that outperforms the market.”

The revamped strategy targets high quality Australian retail, office and industrial assets and builds on the Group’s strong track record and capabilities in these sectors, while emphasising funds management and selective development.

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

The new strategic direction will see a total focus on Australian assets after finalising the exit from all overseas investments.

“Mum and dad investors, the backbone of GPT for decades, can expect us to become a valued brand with high quality Australian assets delivering security, stability and transparency,” Mr Cameron said.

“Securityholders can expect safe and regular returns. We have made significant progress in stabilising GPT through a significant capital raising, the exit from the majority of the joint venture with Babcock & Brown and the sale of many of our non-core assets and are now moving to reinvigorate the business.

“We have taken some tough decisions during my first 90 days and these have been well received by the market with our price outperforming the Index.



“But we need to continue to regain the confidence of our Securityholders and the market.

“From my first day as Chief Executive, I made it clear that our priority was to restore shareholder confidence by addressing debt covenant concerns and refinancing risk, and exiting the Babcock & Brown Joint Venture (JV). These issues are now substantially addressed.

“Today’s announcement regarding our strategic direction is an important step in restoring GPT to a position of leadership in the Australian listed property sector.

“GPT’s competitive strengths are the quality of our assets, the diversification of our portfolio, the scale of our business and the skills of our people.

“We are now in a position to fully realise the benefits of these strengths for investors.”

**ENDS**

## **GPT's STRATEGIC PATHWAY: THE FUTURE IS AUSTRALIA**

### **1. Introduction: assets of scale & diversity**

GPT is a property company with broad access to capital invested in quality assets which, through proactive management, creates great customer experiences and therefore, secure returns. The Group's strategy is focused on active ownership of quality Australian real estate.

One of Australia's largest diversified listed property enterprises, GPT has been listed on the Australian Stock Exchange for 38 years.

The Group has approximately 57,000 investors and is one of the top 40 Australian stocks by market capitalisation.

GPT's large portfolio of high quality Australian assets has been acquired and developed over nearly four decades.

GPT also manages assets through its GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund.

The Group's high-profile assets include full or part ownership of iconic Australian buildings, including:

- Retail – Rouse Hill Town Centre (Sydney); Melbourne Central (Melbourne CBD), Charlestown Square (Newcastle); Erina Fair (Central Coast NSW); Westfield Penrith (NSW), Westfield Woden (ACT) and Highpoint Shopping Centre (Melbourne).
- Office – Australia Square, MLC Centre, Citigroup Centre and 1 Farrer Place (Governor Philip Tower) (Sydney); Melbourne Central, 818 Bourke Street, 530 Collins Street (Melbourne); One One One Eagle Street (Brisbane).
- Numerous industrial and business park developments in Sydney, Melbourne, Brisbane and Adelaide.

GPT's long-term strength can be attributed to its focus on owning, developing and managing high-grade Australian assets that provide both scale and diversity.

The new management team is determined to deliver on promises made as evidenced by its track record over recent months.

## 2. The new strategy: the future is Australia

GPT's new CEO, Michael Cameron, has just completed his first 90 days, announcing his vision for GPT and a renewed strategy, the focus of which will be the active ownership of quality Australian real estate.

The Group will continue to own and develop high quality Australian assets in the retail, office and industrial sectors. There will also be a strong commitment to expanding funds under management.

GPT has vast experience and a deep understanding of the Australian real estate and property market and believes the domestic market continues to offer opportunities for growth and diversification.

The strategic direction is underpinned by four core factors:

1. **Quality** in retail, office and industrial real estate. High quality assets attract higher occupancy, deliver more consistent income, are better insulated from value declines and have greater exposure to value increases.
2. **Diversification**. GPT's portfolio will continue to be diversified according to sector and geography. GPT will enhance its position as Australia's highest quality diversified property portfolio, strong in each asset class.
3. **Scale**. GPT's size and diversity will deliver greater scale. GPT is currently one of three Australian entities in the top 20 global listed owners of real estate. This gives it the opportunity to own and develop larger assets, better access to capital markets, greater diversification of income, and, broader access to a global investor base.
4. **Culture** and people. GPT has 38 years of heritage with a culture focused on innovation, excellence and governance and is a leader in sustainable real estate investment. The company aspires to a market leading management and leadership capability and provides the opportunity for employees to grow and develop.

GPT's aims are to create a valuable brand, become internationally recognised for real estate management capability and leave a sustainable legacy.

## 3. The Dusseldorp legacy: a living tradition

New Chief Executive Officer, Michael Cameron spent 10 years at Lend Lease, which had been founded by one of Australia's most visionary entrepreneurs, the late Dick Dusseldorp. It was under Dusseldorp's leadership that GPT, Australia's oldest listed property trust, was launched.

Dusseldorp recognised the community of interest that existed between shareholders, employees and management – and this became an enduring value in the group of companies he founded.

He was an innovator and leader in labour management, business development, ethics and governance.

He understood that entrepreneurs should leave a substantial legacy for shareholders, employees and the community. In many respects, the Seidler-designed MLC Centre in Sydney's Martin Place, which is jointly owned by GPT today, completed in 1977, represents a tangible example of this philosophy.

Michael Cameron is determined to build on the Dusseldorp legacy within GPT:

"The values Dusseldorp espoused have lacked importance in Australian business in recent times. It is our intention to build on these qualities in GPT.

"I want to return the company to doing what it does best: owning, managing and developing quality Australian real estate.

"I want GPT to own, manage and develop community assets that are distinctive and that become part of people's lives and our history.

"Our focus will be wholly on Australia."

#### **4. Key milestones**

In May 2009, Michael Cameron was appointed CEO and set about stabilising and reinvigorating GPT.

A \$1.7 billion capital raising was undertaken in May 2009 to reduce debt and remove covenant concerns and refinancing risk.

GPT announced its exit from the majority of its joint venture with Babcock & Brown and the sale of a number of non core assets including hotel and tourism investments.

Exiting the European component of the Group's joint venture with Babcock & Brown through an In Specie Dividend provides significant benefits to GPT's security holders, significantly reducing exposure to offshore assets while retaining any future upside for GPT investors.

The disposal of non-core hotel and tourism assets with GPT's recent announcements regarding the sale of Cradle Mountain Lodge, Silky Oaks Lodge, Dunk Island Resort, Bedarra Island Resort, Lizard Island Resort, Heron & Wilson Island Resorts, El Questro, Wrotham Park Lodge, Kings Canyon Resort and Alice Springs Resort. The sale of the remaining assets (Brampton Island Resort, Ayers Rock Resort, Four Points by Sheraton) continues to progress.

GPT has also sold its 80 per cent interest in the Hamburg Trust business and the Alliance and H2O portfolios, which had been warehoused for future funds through the Group's European platform. The BBR portfolio, which comprises a 21.6 per cent investment in a portfolio of 9,020 residential apartments in North and South Carolina in the United States, has been retained. GPT is seeking an exit strategy for this portfolio.

Floreat Forum Shopping Centre in Perth and two small industrial assets have also been sold, bringing the total of assets sold since December 2008, to approximately \$700 million.

## 5. Interim report card: the first ninety days

The Group's performance in the first 90 days since the appointment of Michael Cameron as CEO has been about establishing a sound platform for its future activities.

The next five years will be about market leadership.

"The ultimate tests are the obvious ones: total returns to investors and a share price that outperforms the market."

Mr Cameron has used his experience in finance, banking and property to refine the strategy, direction and operations of the Group.

The action list so far includes:

- Recapitalising the balance sheet through a significant capital raising
- Removing the Group's covenant risk
- Removing the Group's refinancing risk
- Improving the Group's credit rating
- Progressing the sale of non core assets, which will continue for some time yet
- Announcing the exit from the Babcock & Brown joint venture
- More actively briefing the investment community
- Refining a strategy that will reinvigorate the Group
- Reviewing organisation design and capabilities
- A review of senior management.